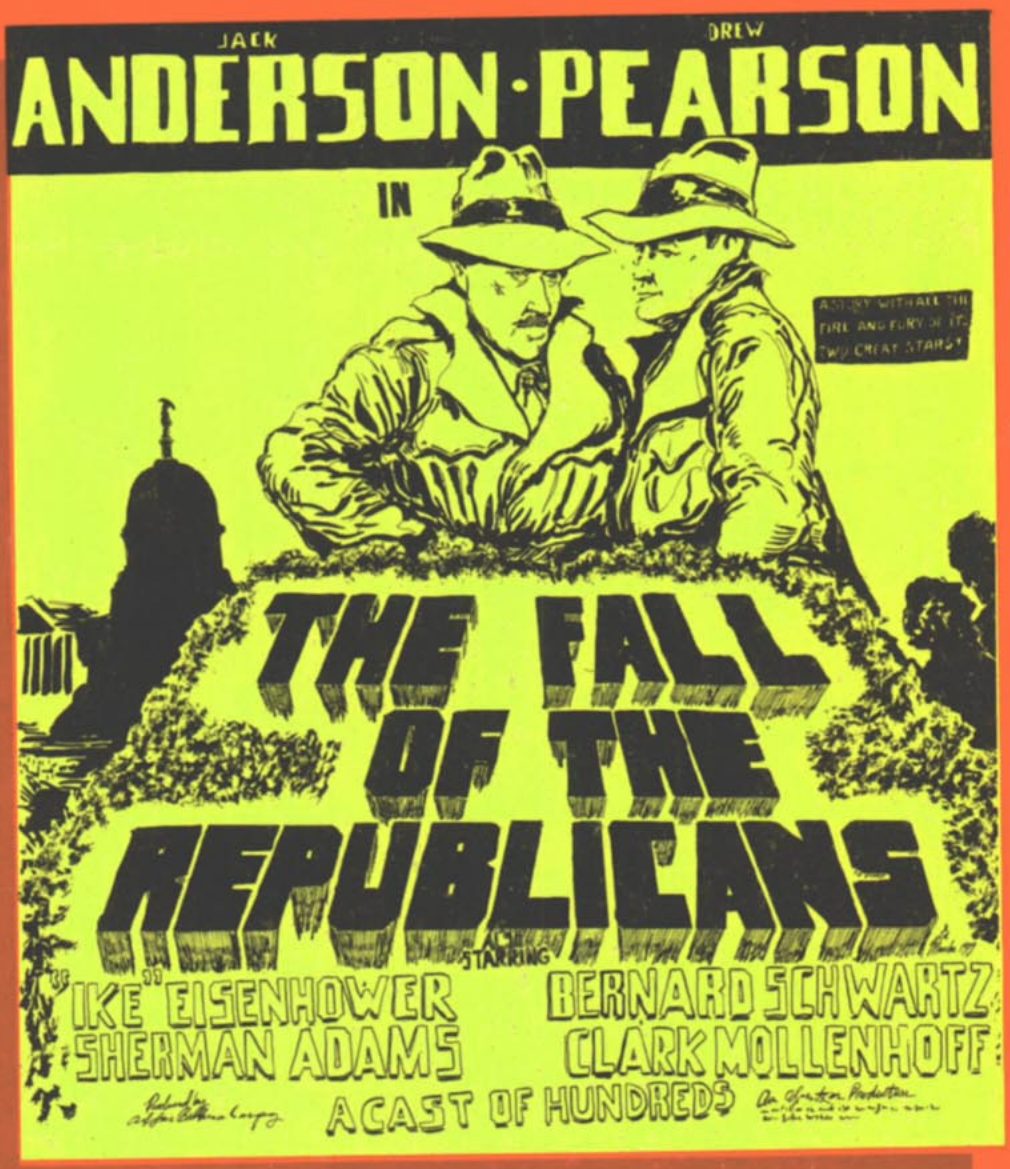
THE ELECTION THE PRESS WON'T COVER
HOW TO TAKE THE BIG MONEY OUT OF POLITICS

The Washington Monthly

APRIL 1979/$1.50



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Letters

A Platform for the Eighties

I agree that the nation needs a sense of community, and I agree with the good intentions behind your platform for the 1980s [February, 1979]. But I think you've ignored a few realities.

The big difference between pioneer America and America today isn't altruism. Barns were raised without money changing hands not so much for love of neighbor as for mutual benefit, and because money wasn't available. The difference is that in the days of the small rural settlements, everybody knew everybody else; there was full public disclosure. It was easy, when only a handful of citizens made up the community, to distinguish the villains, who would tear the community apart for personal gain, from the solid citizens.

Today, the size of our society has led to an obsession with privacy, which has made us free to be as irresponsible as we dare. Why are people so hesitant to reveal their incomes and investments? Perhaps for the same reason patrons of adult bookstores carry their purchases home in plain wrappers.

Why not, for example, make all income tax returns public documents—something many politicians are already forced to do? A patient who is truly concerned about the rising cost of health care could then look up his doctor's earnings and decide whether to switch to someone who earns less. Make everyone's financial and professional conduct a matter of public record, and reporters and public opinion will do the rest.

DAVID ROSS
Seattle, Washington

Ordinarily so level-headed, *The Washington Monthly* appears to have gone off the deep end with its suggestion [February 1979] that every young American be drafted for universal service in the 1980s.

Clearly a project of this dimension will bring in its wake a new, vast and unaccountable bureaucracy with the power to manipulate and regiment millions of lives. And the costs? Shall we say $40-$50 billion annually?

MURRAY POLNER
New York, New York

Let's not have America's youth burdened with a $30,000 housing payment; let's have them begin their working lives saddled with a $30,000 debt for their college education. That will certainly dissuade them from taking mundane, safe jobs and "selling out."

BILL BARNHART
Evanston, Illinois

The author replies:

Student loans don't have to be repaid in the same way as home mortgages. The loan program could be set up to provide repayments tied directly to a student's level of income—say a fixed percentage of future earnings for every $1000 borrowed. So students who choose low-paying careers would pay less—and even if they ended up never fully repaying their loans, the difference would be made up by their classmates who chose to become doctors or lawyers.

Do You Have What It Takes?

For a long time I was unable to reconcile your editor's loathing of bureaucracy with his equally fierce determination to make physicians employees of our lovable HEW. Having read your guide on "How To Write for *The Washington Monthly*" [February 1979], I now realize that your editor can't reconcile them either. Peters apparently is the kind of guy who's wanted to edit since he was five, and Levine clearly is a natural-born writer who loves his work. By Peters' Law both should be happy to give away their efforts. They might start with a free subscription to your ob't servant.

Any editor who permits—nay, encourages—such a marvelous dissection can't be a complete schmuck.

MICHAEL HALBERSTAM, M.D.
Washington, D.C.

Cabinet Secretaries

Just a note to congratulate you on the article in the February issue describing the life of a Cabinet Appointee. I was reminded of a passage in *The Shoes of the Fisherman* citing an obscure medieval volume on the *Management of Princes*, which describes how the cardinals surround any new Pope with ceremonial functions whose time demands leave him unable to think out and take any substantive action which could threaten the position of the cardinals.

THOMAS S. PAGE
Washington, D.C.

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— BALTIMORE SUN

"...cerebral and thrilling..."
— PUBLISHERS WEEKLY

Garry Wills, winner of the 1978 National Book Critics Circle Award, is back with his first work of fiction, "*At Button's*."

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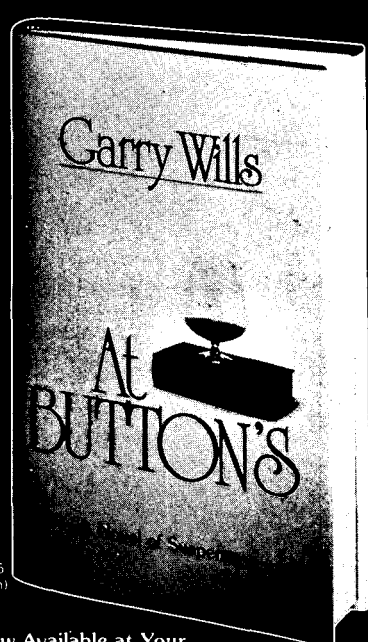

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APRIL 1979

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obs

ne view of a national issue facing the electric power

The traditional goal of unlimited economic growth is being seriously questioned. In the backlash, the proposal for a no-growth economy is the extreme example of less-is-more thinking. But for those people in our society whose hopes for decent jobs and a better standard of living would be thwarted by a steady-state economy, less is irrefutably less.

Since energy is inextricably tied to economic growth and the resultant increased job market, we are vitally concerned with this debate. As public utilities, we must take a stand that we believe is in the best interests of all sectors of our society. To formulate our position, we undertook a two-year study, utilizing several computer forecasting models to examine the available growth options.

The study suggests rejection of both extremes: unlimited expansion and no-growth. The public interest can best be served through what might be called "quality growth"—a natural evolution of economic expansion that encompasses the constraints necessary to meet current energy problems but still permits the job opportunities that bring more of our citizens into the economic mainstream.

The historical perspective:

It is important to recognize that we are in a transitional period between two energy epochs, the fossil fuel age and the future energy era. Fuels are available to meet the world's predictable energy needs for billions of years! What we are short of is the technology to convert available fuel sources into working energy. During this transitional period, we must deal with the supply-demand gap by conservation and the greater use of abundant energy forms (coal and nuclear).

The GNP-energy-job link:

Because all business activities require energy, the use of energy rises in relation to the rise in Gross National Product. With an estimated 19 million new jobs needed in the next ten years to handle the projected increased work force, either the economy must grow or unemployment will grow. And if new jobs are to be created, a reliable and growing supply of energy is vital. As you may know, a number of national organizations, such as the NAACP National Energy Conference, have recognized this necessity.

The high-growth and no-growth fallacies:

The high-growth scenario is plainly outdated, originating in times of favorable conditions that are unlikely to return again. Yet the no-growth scenario not only would entail massive employment dislocations, but it is profoundly pessimistic as well as selfish, taking a doomsday view of this transitional period between energy epochs. Our energy problems will entail major readjustments for years to come, but such readjustments are surely preferable to the authoritarian control of wages, prices and employment a no-growth scenario would necessitate.

The moderate stance:

The electric utility companies' study suggests generating an average economic growth rate in GNP of between 3.5% and 3.7% a year, which would retain an economy strong enough to sustain employment and preserve our standard of living. Only a vital economy can develop the capital resources necessary to keep our society afloat, including the $650 billion that will be needed in the next 15 years to convert electric plants from oil to the more abundant coal and uranium fuels.

It would be a disservice to the public to suggest that the nation's electric companies, any more than the Congress or the Executive branch, have all the answers. Critical questions remain, and others will surely arise. But as the eminent British biologist Sir Peter Medawar has said, "To deride the hope of progress is the ultimate fatuity, the last word in poverty of spirit and meanness of mind."

Edison Electric Institute
The association of electric companies

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Tilting at Windmills

It was an embarrassing moment, for me at least, when Teddy White told about his sexual experience in *In Search of History*. The account seemed at best marginally relevant to the themes of the book and reminded me painfully of how important it had been for those of us who grew up in the forties and fifties to communicate our sexual conquests. At best it was done with subtlety, at worst with a vulgar nudge in the ribs, but always the purpose was to let our friends know we were getting laid. To me this would justify all the excesses of Women's Lib if it were not for my bewilderment on one point: why did our macho pitch so often work? Was it only our own chauvinism or was there some willingness—even eagerness—on the other side? Who is more to blame, Aristotle Onassis or Jackie Kennedy?

Of all the Jackie Kennedy aspects of the forties and fifties, none was more dismaying than the women's magazines of the era. With every issue they gave new meaning to a remark my friends and I used to make when one of us had said something staggering in its superficiality or in its sincere sincerity: "I wouldn't say that to a girl."

In an era when male journalists who were selling out at least tried to do so with some circumspection, women journalists would shamelessly puff any product that advertised in their pages or any item or story supplied by a press agent who gave them a free meal or a free trip. There was a product called a Relaxicizer—I believe the FDA later found that it had an unfortunate tendency to fry the user's kidneys—that was hyped in almost every issue of *Vogue, Harper's Bazaar, Glamour,* and *Mademoiselle*. . . . The women's magazines are still not immune to press agents. But, then again, neither are a lot of other journals. Follow the Style section of *The Washington Post* and the Portfolio section of *The Washington Star* and you will see at least 20 press-agented stories each month. (They usually begin, "As the breakfast cart was rolled out of his suite at the Madison, he turned to a reporter and said. . . .") But press-agenting is not confined to the feature section. Remember last fall when all of a sudden the papers seemed to be inundated with stories about how the Russians were way ahead of us in development of fast breeder reactors, stories that implied, if they did not actually *say*, that we better stop listening to those lily-livered environmentalists and start catching up with the Russians fast? Well what most of them didn't tell you was that the trip that led to the stories was arranged by an outfit called Atomic Industrial Forum. Try and guess who pays its bills. That's right, the same fellows who bring you the fast breeder reactor.

Last month it was disclosed that one Charles I. Villiers was holding tenured professorships at two different

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colleges. His colleagues were of course outraged—less, I suspect, because of the ethical delinquency involved than because the leisure-world nature of tenured academia was exposed. The truth is that most tenured professors could probably hold down three such jobs without stretching the limits of an eight-hour day. . . . If we are ever going to get our economy rolling again, we must restore the relationship between pay and productivity. It is therefore heartening to report that in the coal industry, where suspicion of production incentives is traditional—because the coal companies have often used them as a lure to get miners to ignore safety factors—UMW locals are trying to work out agreements for productivity bonuses coupled with safety bonuses. According to Jim Ragsdale of *The Charleston* (West Virginia) *Gazette*, these incentives have increased production at four Consolidation Coal Corporation mines from eight to 25 per cent.

The author of a recent article about this magazine couldn't seem to make up his mind whether we were liberals or neo-conservatives. I would call us neo-liberals. In other words, we share the neo-conservatives' willingness to face the faults of big government, but we do not share their apparent indifference to problems like poverty that we want government to help solve. And unlike the neo-conservatives we're just as likely to find the enemy in big business and big labor as in big government. Somewhere in every large organization there is a place where the imperatives of bureaucratic and organizational life join to inspire greater employee concern with protecting themselves and their institution than with doing the things that need doing to restore vitality, community, and democracy to our national life.

Here's an example of what I mean about the difference between neo-conservatives and neo-liberals. The day after Washington's recent snow storm, the bureaucrats who run Metro, the local subway system, announced that they would hire people at five dollars an hour to shovel snow from the tracks. By 5:30 the next morning, 200 people had gathered at the Metro headquarters. By 6:30 there were 600, and then it was announced that hiring actually would take place several miles away in Silver Spring. Metro said it would provide buses to transport the workers to the hiring site. It provided seven. According to Juan Williams of *The Washington Post*, "Some buses had to drive away with the doors open because people were hanging from the door, refusing to let go and lose a chance to work." Similar scenes were reported at other places where people had gathered to get jobs. But were all of those who managed to hang on by their fingernails all the way to Silver Spring hired? Of course not. There were enough jobs for only half of them. The rest were told to get home the best they could. No buses were provided.

Now the neo-conservative loves to tell you about the welfare cheat—but he doesn't want to hear about those people standing in line for jobs. *The Washington Monthly* wants to face both facts—there are cheaters and there are people hanging on for dear life to the doors of those buses, and we want to figure out how to make the government tell the difference between the two and give effective help to those in genuine need. . . . Speaking of people who don't need help, Stephen Chapman wrote in a February issue of *The New Republic* that 53 per cent of government payments to farmers go to farms that earn over $40,000 a year, farms where the average family income is $31,957. . . . W. Beverly Carter, Jr. has been named Ambassador-at-Large. His job is to be State Department liaison for state and local governments. This is a job whose need to be done cries out with just about the same force as Joan Braden's former post as the State Department's Director of Consumer Affairs. . . .

Having often bemoaned the fact that our best and brightest want to do

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everything but become entrepreneurs, I was heartened to see the other day a Gallup poll that shows business as the second most appealing career on campuses today. I fear, however, that it may be business-school-type rather than entrepreneur-type business they are talking about. What the business schools do is produce management consultants, which is the three-piece-suit term for confidence men. They are trained in the art of making good presentations. Thus the University of Virginia Business School team recently won a competition on how to reform the Schlitz Brewing Company, and, according to *The Washington Post*, "the tournament's panel of judges based their decision more on how the Virginia team argued the case than on the specific proposal offered."... There really seems little hope for the man who wants to produce. Two newly named top officers of Bethlehem Steel have no experience making steel. One is a lawyer. The other is an accountant.... A federal task force has called for a crash program to reduce unnecessary exposure to medical X-rays. Did you ever have a doctor ask you about your X-ray history before he exposed you to additional radiation?...

There is something faintly unsettling about Price Waterhouse's new book, *The Clergy Income Tax Guide*, not to mention the news that American University is offering a Master of Science degree in Public Relations and has announced a full-tuition fellowship open to all "government communicators."...

One does not have to be a pro-life zealot to be disturbed by a report by the District of Columbia's Department of Human Resources showing that during 1977 there were 130 abortions for every 100 live births in the District.... Why doesn't the National Park Service sue those farmers who tore up the Mall? They had a right to demonstrate. They had no right to destroy. They shouldn't be put in jail for what they did. But they damn well should pay.... Speaking of jail, William Greider, writing in *The Washington Post* about my views in favor of mandatory universal service, assumed that I favored jailing those who refuse to serve. I most definitely do not favor jail. Instead, those who refuse to serve their nation should be deprived of the benefits of citizenship: the rights to vote and to hold office or to receive educational loans or tax breaks, for example. We've always needed a way to restrict the vote to people who are concerned. The problem with the methods of the past, like the poll tax, is that they used a money test.... When *The Washington Star*'s Duncan Spencer asked Frank Mathews of the State Department what the world missed when only 120 out of 7,000 State Department employees reported for work during the big snowstorm during February, Mathews replied, "I'm asking that question and everyone in my office is cringing."... Indeed, we may be better off if federal employees stay at home. Reporting on the Internal Revenue

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Service's program of taxpayer assistance, *The Wall Street Journal* recently noted, "A recent query about part of a state income tax refund being excluded from federal tax was answered wrong every time. The IRS employees didn't know that part of the refund might qualify for an exclusion from tax." . . . For all of us who adhere to The Drinking Man's Diet, Bantam has just published *The In-the-Chair Exercise Book*. . . . My guess is that I'll end up voting for Carter in 1980. He's been a disappointment, of course; but would you prefer Reagan or Connally or Ford? Kennedy's liberalism is too conventional and Brown's too nonexistent.

On the CBS Evening News of March 1, there were two stories that illustrate what is wrong with objective journalism. One was a report on the oil shortage, showing the opposing positions of Rep. Albert Gore, Jr. and the Department of Energy. The other was on the possible dangers of an agricultural spray, showing the opposing positions of the Dow Chemical Company and the Environmental Protection Agency. In neither case did the reporter attempt to give an evaluation of the merits of each side. In neither case did he feel a responsibility to probe beneath their respective positions for facts that might help the viewer determine the truth for himself. There was a failure to do what I call responsible reporting.

It is a shame that the word "responsible" has sunk into disrepute. The reason is that it has become an establishment code word to praise journalists who don't threaten the establishment too seriously. But it is a great word that deserves to be restored to its full power. It means to me that reporters are charged with the duty to find out not only the facts as they are alleged by the parties to a controversy, but the facts that will reveal the extent to which each party is right and wrong, the facts the reader needs to make up his own mind—plus the writer's best effort in analyzing and interpreting these facts, not hiding his opinions but openly challenging his readers with them. . . .

A couple of years ago we asked if there was a tendency toward rising income and declining principles among our liberal intellectuals, and cited as a reason for our concern the publication by *The New Republic* of an advertisement by De Beers Consolidated Mines Ltd. of South Africa (which we, perhaps ungraciously, described as "that great equal opportunity employer"), featuring a diamond clip for only $1,350. De Beers was back with another ad in *The New Republic* last month, this time for a diamond solitaire priced at $5,950. What can it all mean? Have the liberals finally succeeded in organizing the country so it is they who are the rich and privileged?

There *is* a lot of affluence around. The Stanford Research Institute says the United States has more than 500,000 millionaire households, that seven million American families have annual incomes exceeding $30,000, and that half of the seven million have a net worth of at least $200,000. . . . Certainly the families of physicians must account for a large number of those households. Doctors are the true geniuses of modern finance. A recent study of physicians' income during the price control period of 1971-74 shows that while fees were held down, physicians nonetheless managed to raise their income. They simply increased the volume of services. . . . One has to feel a bit anxious about this tendency of our physicians to focus on fiscal matters. Have they stopped thinking about how to heal us? The table of contents of the doctors' magazine *Private Practice* suggests that such may be the case. For February 1979, there is not a single article on medicine. Instead we find one article on the battle against National Health Insurance and four other articles with titles, "Why I Had to Raise My Charges in 1979," "Avoiding a Rip-Off When You Buy Disability

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Insurance," "Investment Survival," and "Planning Your Personal Finances."

While reflecting on these inspiring titles, contemplate the ironies in the following statement from the American Medical Association's campaign against quackery among America's acupuncturists: "In China acupuncture is not practiced for money. In our Western society, it should not become a technique for exploitation of the public."...

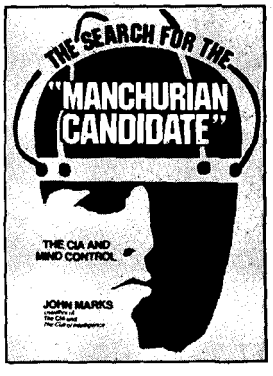
The Metro section of *The Washington Post* is beginning to get into the guts of the way state and local governments operate. An example is the series by David A. Maraniss and Michael Weisskopf on the House Committee on Economic Matters of the Maryland General Assembly. The committee has jurisdiction over bills affecting banks, mortgage companies, insurance corporations, chain stores, liquor, beer and wine stores, and labor unions. In other words, it's where lobbyists and public officials meet to divide the loot. An immortal quote from Delegate Louis Morsbergey has already emerged from the series: "I've been a member of the General Assembly for four years and have never been impartial—I mean partial—to a special interest group."... One of the crueler facts about life in corporate America is the policy of frequent transfers that separates hundreds of thousands of employees from their roots and keeps them from ever having the chance to put down roots again—thereby insuring, among other things, that the employee will not have a chance of building an independent base from which to criticize management policies. They are not permitted to stay in any community long enough to establish the relationships that would provide other good jobs if they resigned or were fired.... Here's an example of another effect of the policy, as reported by Anthony Ramirez in *The Wall Street Journal*:

"AUSTIN, TX—Barbara Klaskin stares hard at her left tennis shoe and talks

If you think mind-altering drugs started with the counterculture, you have missed the infamous secret history of our time.

For more than thirty years, the CIA covertly explored and expanded its capacity to control the human mind. Now, John Marks presents a thoroughly documented report that brings to light such shocking activities as:

- how the CIA brought LSD to the counterculture — by mistake;
- how the Agency used thousands of human guinea pigs for experiments in mind erasure, electroshock, hallucinogens, and more;
- how the Agency broadened the boundaries of psychiatry and psychology, by directing research in new fields of inquiry — such as sensory deprivation... behavior modification... personality assessment.



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about her moves from Hyattsville, Md., to Beltsville, Md., to Tujunga, Calif., to Wheaton, Md., to Randolph Township, N.J., to the Marshall Islands, to Potomac, Md., to here. She is 13 years old.

"'I don't feel I have a home anywhere,' she says, sitting stiffly on her living-room sofa, 'because I've grown up in so many different places, y'know? And I don't really want to go back anywhere because I don't think that would feel too great.'

"Her father, Roy Klaskin, 42, holds a middle-management job at International Business Machines Corp., which transferred him here last spring. He knows that the numerous transfers he has made in his career have wounded his family. 'There's a loss,' he says. 'I can't measure it.'"

A Lou Harris poll has found that "fully half of currently employed people would prefer to work past the normal retirement age. . . ." This casts additional doubt on our policies that encourage early retirement in the military and civil service. Yet the Carter administration has dropped its plan to cut back on retirement benefits for government employees, leaving the most inflationary of these benefits—the twice-a-year cost-of-living index increases—in effect at the very time they most need to be eliminated. . . . Another example of administration cowardice in dealing with the government employees' lobby is described by *The Washington Star*'s Joseph Young:

"A move to end subsidized parking benefits for federal employees has been sidetracked by the Carter administration at least for now. . . . So the nearly 30,000 parking spaces available for government workers who live in the Washington area will continue to be used free of charge or at only minimal rates.". . . The Supreme Court has voted that a state can require appointees to a public agency, regulating a profession to belong to a specified private organization. The guild mentality of the legal profession is simply beyond belief. What the Court is saying is that a state can require that doctors be regulated solely by members of the AMA and lawyers solely by members of the ABA. Michael Pertschuk, chairman of the Federal Trade Commission, recently pointed out that "personal expenditures for lawyers, physicians, dentists, and other professionals are increasing at a rate faster than the average for all goods and services in the economy." One of the reasons, Pertschuk said, was state licensing of professionals, a process often dominated by the profession. . . . Our answer to this problem is to have a complete exchange between the governing boards of the ABA and AMA. Then we would have doctors monitoring lawyers and lawyers monitoring doctors. No two groups are more aware of the abuses of which each is guilty or more skeptical about the real need for the surgery and the litigation they respectively encourage. . . .

Are there any true conservatives left? John Warner sounded like one when he was running for the Senate; but one of his first statements since assuming office was an attack on a White House proposal to cut back funding of the federal impact aid education program in Virginia. In case you've forgotten, this may be the most scandalous of all federal giveaways. It gives your tax dollars to local school districts serving large numbers of federal employees, meaning districts that are already rich because of their tax income from highly paid civil servants. . . . If ever you saw only the tip of the iceberg, it was the recent District of Columbia budget request for $25,000 to pay membership dues for the city in the Council of State Governments, the National League of Cities, the International Union of Local Authorities, and other such groups with which the city is affiliated. What you don't see, the jagged edge that is going to rip open your wallet, is the cost of sending hundreds of city employees to the conventions of all these groups, which are invariably held in Honolulu or San Francisco.

—*Charles Peters*

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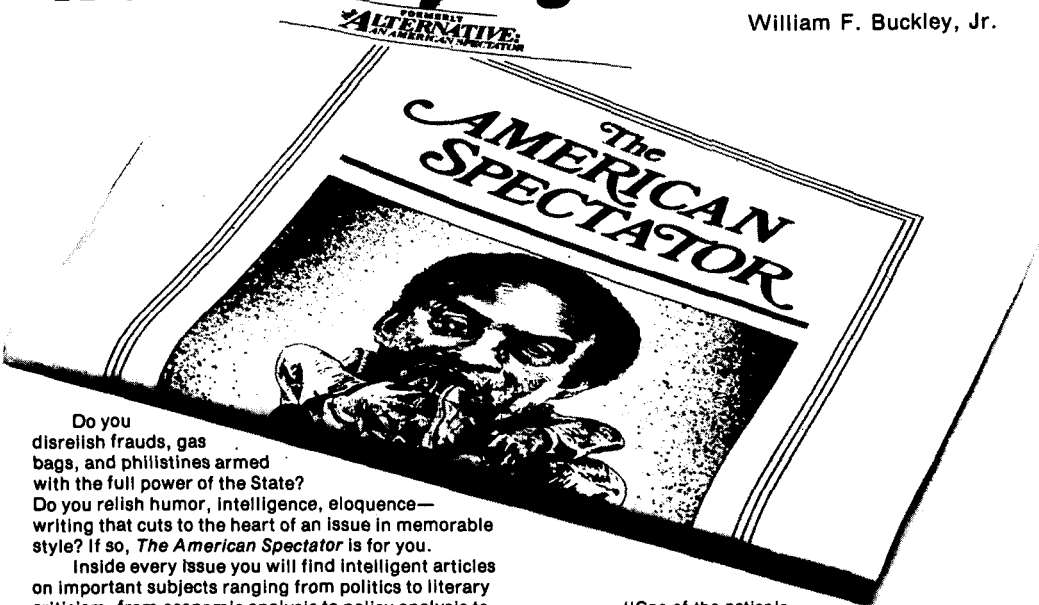
"Iconbusting, brawlingly staid, and wonderfully highbrow."

William F. Buckley, Jr.



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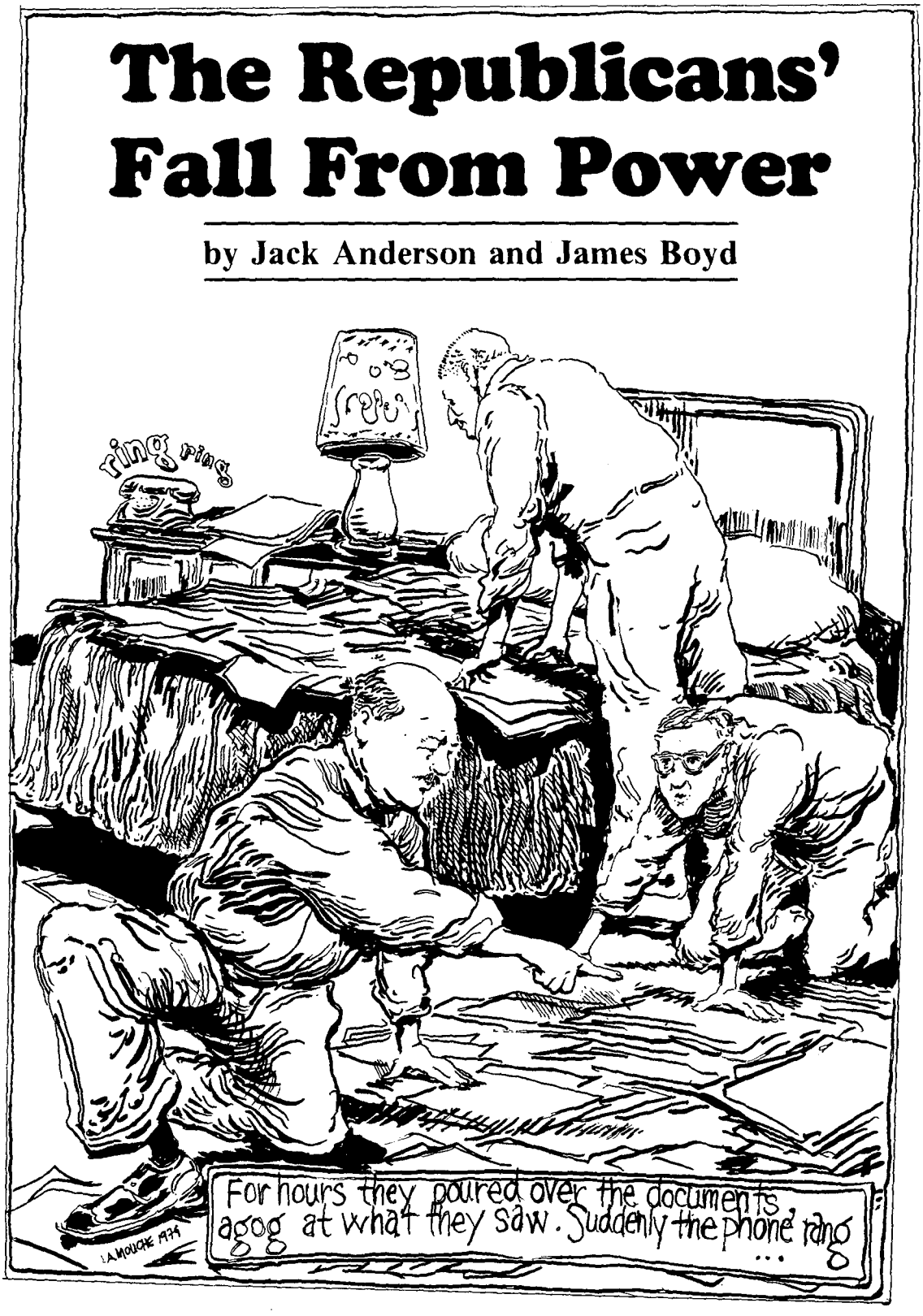
The Republicans' Fall From Power

by Jack Anderson and James Boyd



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In February 1957, Speaker of the House Sam Rayburn—ancient, short, squat, dour, spectacularly bald-headed—who wielded a personal authority unknown in government today, descended from his throne on the Speaker's rostrum to the well of the House and honored his vassals with a brief speech. The administration of the regulatory laws, he said, was a mish-mash; the landmark acts of Congress, wrought with such care and pain over many decades, were not being administered as planned, and he wanted something done about it. What he wanted done was the creation of a special subcommittee of the Commerce Committee to find out why, when Congress said, "A," it invariably came out of the regulatory funnel as "B." We do not know what particular crotchet moved the Speaker on that day; months later he would disown the project he had set afoot. But in the meantime, the oracle had spoken and the subcommittee was established.

I was then in my ninth year in a role that, when noticed at all, was described as "legman" to controversial muckraker Drew Pearson, but which I liked to think of as right arm and eventual successor to the world's most widely read columnist. For the past four of those nine years, my mentor's domestic obsession had been to expose the Eisenhower White House for subverting the independent agencies, which were charged with protecting the public from special-interest greed, into fixers for the politically-favored greedy. In private, he had repeatedly tried to persuade Rayburn and other Democratic seniors to investigate this Republican scandal; in public he had again and again mobilized the column for rump battles to block Senate confirmation of business-serving commission nominees; and on each occasion he had been roundly rebuffed. Now a new beachhead beckoned to him, and he landed me ashore on it.

At first glance, the special subcommittee on legislative oversight seemed unpromising. It was hand-picked by, and under the thumb of, the chairman of its parent House Commerce Committee, Oren Harris, a wily, soft-spoken Arkansan whose collusions with the regulated industries were so notorious that liberal House members refused to sanction the new subcommittee until it was informally agreed that Harris would *not* be its chairman. But Harris was adept at remote control. Most of the members he picked were safe tools of the regulated industries, a built-in 7-to-4 majority on any contested issue. Its staffers, instead of aggressive professionals recruited from outside for the task, were familiar retainers chosen from the staffs of the members. The chairman, Democrat Morgan Moulder of Missouri, was an earnest but pliable fellow, his pliability enhanced as he had lately acquired a glass jaw from creeping into the beds of his secretaries; a candidate for blackmail was not the man to crack the whip on the unscrupulous lobbies of the regulated industries. The chief counsel, Professor Bernard Schwartz of New York University, not appointed until August 1957, when the staff of Humpty Dumptys was already in place, seemed hardly the hunter that a safari through the regulatory jungle required. Studious-looking, retiring, at 34 the author of several heavy tomes on administrative and constitutional law, Schwartz was an academic's academic, the holder of five degrees, a doctor of laws who had never participated in a court case or a congressional hearing. To my cynical eye, Oren Harris had cleverly produced a prestige name in administrative law who had no experience whatever in government, and lacked even those wary instincts that gird the prudent citizen in the presence of congressmen and commissioners.

Professor Schwartz planned a noncontroversial study of gaps in

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Oren Harris was manifestly pleased by the Schwartz plan; he couldn't have charted a more felicitous course himself

legislation and snarls in administrative flow charts, an inquiry the committee leaders felt would discharge the task set by Speaker Rayburn without harming a hair on anyone's head. Oren Harris was manifestly pleased by the Schwartz plan; he couldn't have charted a more felicitous course himself.

Nonetheless, I tried to ingratiate myself with the new chief counsel in order to get on a confidence-swapping basis with him. He had an inquiring mind, and I filled it with recitals of what I knew or suspected might explain regulatory decisions. I pressed upon the scholarly Dr. Schwartz old fragments from Drew's "Washington Merry-Go-Round" column, suggesting that the White House had dictated this or that decision, and would explain the pattern of pro-industry decisions in terms of the appalling variety of freebies, honoraria, and career enhancements that the commissioners accepted from the litigants before them. In particular, I was diligent to acquaint Schwartz with the admittedly imprecise warnings we had received about Sherman Adams, Eisenhower's chief of staff, from such insiders as Senator Ed Johnson and Rayburn himself.

Encouraged by glimmers of receptivity from behind the professor's spectacles, I urged that all I was telling him called for a more aggressive inquiry. "What good will it do," I would query tiresomely, "to investigate inadequacies in the law and bottlenecks in the administrative process if the real decisions are in the hands of White House politicians?"

I was surprised that Schwartz did not break off my accessibility; on the contrary, he began following up my leads. His open-mindedness and heedless curiosity taught me for all time the sustaining wisdom of the door-to-door salesman and the womanizer: there is no such thing as the hopeless prospect; one must always make the pitch and play the percentages. Other reporters covering the new subcommittee, notably Clark Mollenhoff of the *Des Moines Register*, came away from Schwartz with similar vibes. We began to hope that we had here not a sheep in sheep's clothing, but a live ram.

Spoiling The Party

Within a few weeks of his arrival Schwartz cast out an information dragnet to bring in substantiation of the allegations that only yesterday had seemed so unlikely to him. Zeroing in on the "big six"—Interstate Commerce Commission, Federal Power Commission, Federal Communications Commission, Civil Aeronautics Board, Federal Trade Commission, and Securities and Exchange Commission—he requisitioned such records as seemed too harmless to his congressional overlords to deny him, such as travel vouchers and telephone logs. Then he put his whole foot in the water by requesting commission officials, industry lobbyists—and, in an inspired impertinence, members of the Federal Bar who practiced before the commission tribunals—to voluntarily inform him of all gifts and favors that might have passed from businessman to official.

A skunk had thus ambled into the regulatory lawn party; embarrassed committee members assured commissioners and lobbyists that they need pay no attention to the impetuous

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Schwartz; by all means, as dignified officials and patrons they should keep their gift lists to themselves. In order to do so unitedly and under some cover of respectability, representatives of all six commissions met in fevered conclave and resolved to withhold the requested information on the lofty grounds of the separation of powers that existed between sovereign branches.

Although the flow of incriminating information to Schwartz was largely staunched, so pervasively shabby was the deportment of the Eisenhower commissioners that even a sample inquest revealed a shocking situation. For instance, not only were five out of seven commissioners on the FCC permitting the regulated industries to pay frequent travel and watering-hole expenses for them, they were also billing the government for the same tabs and pocketing the profit. Fifty cases of false billing by the FCC heads were quickly documented, acts which were criminal as well as tawdry. A similar pattern extended through all the Eisenhower commissions except the Federal Trade Commission, which, not having regulatory authority over industry, was not deemed important enough in day-to-day matters to corrupt.

A gratifying case in point was Chairman John Doerfer of the Federal Communications Commission. As befitted a chairman's post of superior responsibility, Doerfer was a *triple* biller; on at least one occasion he collected expenses for the same travel from two business hosts and then billed the government for yet a third reimbursement. Chairman Doerfer had other moneymaking variations afoot. He would pocket speaking honoraria from the regulatees and then charge the taxpayers for the attendant travel expenses. He was an insatiable moocher at the tables of those on whom he sat in judgment—traveling in their executive airplanes, letting them pay his restaurant and hotel tabs, freeloading on them, with his wife, at a Miami Beach resort, hunting in the duck blind of NBC.

Schwartz assembled a memorandum showing that specimens such as Doerfer were prevalent throughout the Eisenhower commissions and brought it to his committee superiors; he included a request that the subcommittee *command* the commissioners to produce the records previously requested and a proposal that a set of public hearings be launched, based in part on the double billing and gift-taking among the nation's regulatory czars.

'None of Our Business'

Professor Schwartz expected a pat on the back and a green light, but he was rudely disabused. "A lousy thing to do," said Rep. Joseph O'Hara, the subcommittee's ranking Republican. Republican Rep. Robert Hale denounced Schwartz's proposed hearings and the bent of his activity: "I note that. . . Dr. Schwartz's memorandum imputes misconduct on the part of members of the FCC which might result in criminal charges or, at the least, in the removal of the officials concerned. I am shocked. I had no idea when I voted to set up this subcommittee and agreed to serve on it that we would go into this sort of thing. It's none of our business."

From on high, Speaker Rayburn, whose nephew—an FCC commissioner—was one of those holding out

The press was told bluntly that Schwartz's wings had been clipped.

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against disclosure, accused Schwartz of "fly specking" and disassociated himself from the chief counsel's proposal for hearings, saying this was not what he had in mind when he proposed the subcommittee inquiry. Oren Harris took charge of the subcommittee session long enough to have the Schwartz agenda rejected 7 to 4, and a noncontroversial one adopted in its place. The press was told bluntly that Schwartz's wings had been clipped. "We had to cut him down to size," said Republican John Heselton of Massachusetts. "He thought he was going to blow the top off this town."

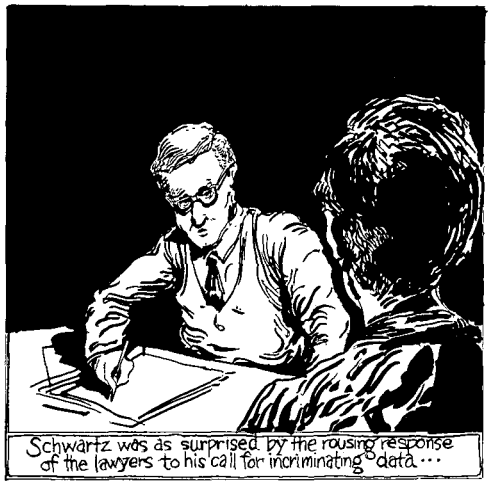
Perhaps the reader notes with surprise the barefaced candor of the congressmen quoted here, their unabashed championship of the suppression of scandal, as if it were a public service. This is a reminder that all recent change has not been for the worse, that progress has been made since the day when an O'Hara, a Hale, a Heselton, a Harris was made arrogantly secure by the hierarchical congressional rules, by a passive press uncomfortable with investigative journalism, and by a more structured, controlled-from-above electoral politics in which the business lobbies cut a grander figure than today.

The political education of Professor Schwartz, however, was mightily accelerated by the subcommittee's actions. He began to see a concerted design in all the circumstances that had inhibited his work, and he took a significant step by telling me about them. That he did not have responsible professional staff of his own choosing he now realized was no coincidence; he was surrounded by people who saw it as their main function to spy on him and report on his activities to the senior congressmen who had placed them on the subcommittee staff. He was a chief counsel who did not have a private office, a private phone, or a private staff; he now realized that this was so not because of budget restrictions and space shortages, as he had been told, but in order that he might have no meetings and phone calls or undertake staff initiatives that were not monitored and reported on. He had discovered that the instructions he gave his "investigators" as to what to look for were immediately taken to the target commissioners.

His own appointment as chief counsel, he learned, had been cleared by Oren Harris with Sherman Adams' office, and not made until the White House check indicated him to be an unmenacing pedagogue, a Republican who had no fire in his belly and who didn't know the Rotunda from the cloakroom. Thus the chief prober had been okayed by the chief suspect of the probe.

The professor's disillusion with the ways of Congress soon extended to the federal bureaucracy. His appeal to commission employees to come forward covertly with tales of the malfeasance in which they were forced to wallow got the usual jobholder response—a resounding silence from 99.9 per cent. Surrounded with obstacles but determined to press on, Schwartz looked outside the government for help. Two sources responded: a few reporters, and a host of private attorneys who had lost out before commission tribunals because, they suspected, of political fixes.

Schwartz was as surprised by the rousing response of the lawyers to his call for incriminating data as he had been by the guilt-laden silence of the government employees. In trooped the



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There was a moment of dead air as Mack fell for the bait ...

aggrieved counsel, and on occasion their clients, to tell him their theories of why commissioners had been so cold to their splendidly argued cases, theories such as the following involving one commission alone, the FCC: that Commissioner McConnaughey was so shameless a shopper for favors that he had asked CBS to hire his son and had actually placed him in a post with one television station that had an upcoming case before the FCC; that Storer Broadcasting Co. had increased its standing with Chairman Doerfer by treating him and his wife to a free vacation on the Caribbean island of Bimini; that Commissioner Richard Mack had promised his decisive vote in a Miami television-channel-award competition, in advance of the commission proceedings, to the applicant rejected by the FCC examiner as the least qualified of four, after that applicant covertly hired a notorious fixer and Mack benefactor, the attorney Thurman Whiteside, to lobby its case.

When a group as tolerant of fraud as corporate lawyers, whose daily business it is to influence the government, becomes so disoriented as to inform on professional colleagues, it is a sure sign that corruption has become so chaotically pervasive as to confound the need for rationality and to thus induce despair.

If he was to develop such leads and not have them suppressed by the subcommittee majority, Schwartz realized more and more that his greatest ally, and his only weapon against his collusive bosses, was the press. I had done my best to persuade him of this from the start and, as events relentlessly confirmed me, had been allowed to worm my way into the interstices of Schwartz's small operation, as had my industrious rival Clark Mollenhoff. Out of this alliance between press and staff grew that uprising most perverse to the congressional elder, the "runaway investigation."

A key example of how the alliance worked, both to develop information and force its public airing, was the case of Commissioner Mack. I had learned that Whiteside controlled a trust fund and I was half satisfied he was using this as a funnel for payments to Mack, but I had no proof. So I called Mack, assuming Whiteside to be the smarter of the two, and tried to con the truth out of him before he could get his defenses straight. After giving him the nerve-jangling news that I was Jack Anderson of Drew Pearson's office, I bluffed: "Commissioner, I have an accountant who is prepared to testify that Whiteside has paid you money from the Grant Foster trust. I'd like to hear your side of it."

There was a moment of dead air as Mack fell for the bait and groped for a way to reconcile the irreconcilable. "Those were only loans," he ventured, not seeming to realize that even in sweetening up the transactions, he was admitting to the impermissible offense—taking money under any guise from an attorney in the Miami television case. That he was lying about the "loans" was confirmed when I asked how he repaid them and he used the standard bribe-takers dodge that they were repaid in cash. In trying to parry my educated guesses and explain away checks from Whiteside that I claimed to have before me, Mack got himself in deeper and deeper, admitting at one point that perhaps not all of the money from Whiteside was loans and at another that Whiteside may have "forgiven" some of the loans.

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I told Schwartz what Mack had confessed to, and I suggested that Schwartz get to him while he was still scrambled, for the publication of my story would surely concentrate his mind. Schwartz did, equipped with hidden recording gear, and Mack repeated his indiscretions.

Drew's Strategy

Beginning in January 1958, as the subcommittee majority moved, with the baronial swagger of congressmen of a former day, to shut down the Schwartz probe, our columns and broadcasts published exclusive after exclusive, aimed at forcing the subcommittee to explore the full scandal of the Eisenhower commissions. By itself, the "Washington Merry-Go-Round" could keep the door from being slammed shut, but we couldn't blast it wide open. What was needed was for the entire big-time press to jump in on the scandals, particularly the FCC scandals, which we had bored in on above all others. But with the exception of Mollenhoff and one or two other working reporters, the press hung back, and for a reason darker than the diffidence toward investigative journalism that was thick in that era: 182 of the 497 television stations operating in 1958 were owned by newspapers, an ownership dependent on the favor of the FCC/White House/congressional axis our stories were offending.

Drew used complex stratagems to counteract this journalistic timidity. One of the reasons why he often hammered away on the same story, as he was doing with this one—feeding it out a yard at a time, column after column and broadcast after broadcast—had to do with his psyching of the press at large. He believed that in each of the respectable news organizations the sight of a legitimate expose struggling to be born would touch off an internecine struggle between the real newspeople, who would want to jump in, and the time-servers and businessmen, who would have a half-dozen sober arguments for staying out. In time, if our story refused to die, the newspeople would gain the upper hand in at least one of the great organizations. When that happened, the front of establishment silence would be broken and the rest of the quality papers, in which the same battle was being fought out, would then join in with a vengeance. So it proved now. On January 23, 1958, *The New York Times* featured a page-one story on the "Schwartz memorandum"—which had reported to the subcommittee widespread misconduct throughout the regulatory commissions—and published almost the entire text. We had already published the guts of the memo, but the *Times* entry made the story henceforth unignorable.

Chairman Harris went to Speaker Rayburn, as their stone wall began to crumble, for a reassessment and emerged with a policy that vindicated another of Drew's axioms: there comes a time when politicians will suddenly jettison their second love—the special interests that finance them—in order to protect their first love—their political status and survival. Rayburn directed Harris, as Schwartz later recounted, "to go ahead full steam [with an FCC investigation], as the prestige of the House of Representatives was now at stake." Having previously blocked public hearings on the Doerfer and Mack affairs, the subcommittee now reversed itself and held them, under a brighter spotlight than would have shone before. Having been exposed as the castrator of the oversight subcommittee, Oren Harris now had to play the crusading investigator by staging truly convincing hearings.

But there is a methodology to defusing a hot investigation, just as there is one for averting it, and the able Arkansan, even as he donned his interrogator's livery, was moving to limit the damage and regain control of events. He permitted hearings into what already had been essentially

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revealed, hearings through which Doerfer was disgraced and ultimately forced to resign, and Mack was ruined, ousted, and indicted. But as he partially satisfied the demand for action, thereby letting the reformist pressure spend itself, he was all the while maneuvering to get rid of Schwartz and get control of his accumulated files before it could be gotten across to the public that the Mack and Doerfer derelictions were not episodic but represented a systemic corruption of the regulatory structure that extended to the White House itself. There were two elements to the case Harris was contriving against Schwartz, one for the public, one for the Congress: a trumped-up accusation that Schwartz had mishandled subcommittee travel funds to his own advantage, and the fell charge that Schwartz was leaking information to the press—tantamount to treason in the eyes of most congressmen.

I had pipelines into the enemy camp and gave Schwartz daily progress reports on the gangplank his bosses were building for him. At the same time, with the painstaking but doomed diplomacy of an anxious heir who must risk alarming his sick uncle by pressing him to have his will drawn, I impressed upon Bernard that important as his personal survival was, in the likely event of his demise the survival of his files was equally important. This must be attended to before the gendarmes and locksmiths from the Sergeant-at-Arms Office suddenly appeared one morning to usher him out, secure his premises, and impound his papers. I remember the dissolving of a great knot of tension when Schwartz, who had become a doughty battler indeed, told me that he had repeatedly foiled watchful eyes and had assembled in his apartment, under his wife's constant custody, a huge duplicate file containing photostats of all the essential documents.

On Friday, February 7, 1958, I got hold of firm information that on the following Monday, Oren Harris would convene the subcommittee to vote for Schwartz's dismissal. I immediately informed Schwartz and Drew.

Maximum Politico-ing

Here was a situation that prompted Drew Pearson to act out the life role he most enjoyed, that of maximum politico—part intelligence sleuth, part commentator, part lobbyist, part propagandist, part conspirator, part caucus-master. The sun was most in its heaven when Drew could make a damning discovery or hatch a pregnant idea, cajole a senator into making a speech about it, write the speech for him, enlist other senators to be on hand to praise the speech, sit in the press gallery to hear it delivered and praised, write a column celebrating it and its remarkable Senate reception, begin his agitations for Senate hearings, and personally call on the appropriate Cabinet member to advise him of the groundswell rising behind a movement he'd better get out in front of.

With 60 hours to turn around the anti-Schwartz putsch, Drew glowed in contemplation as he charted for us his favorite (and my least favorite) genre of weekend—skullduggerous days spent wrangling and plotting with politicians, sleepless nights devoted to churning out incendiary blurbs for delivery in the House or Senate. His plan was, first, to get the subcommittee vote on ousting Schwartz delayed until Monday afternoon so that phase two, a blitz of pro-Schwartz speeches in both Houses on Monday morning, could have its intended effect of putting a searchlight on the quiet mayhem Harris planned. The second-level approach was to try to stimulate personal interventions by powerful friends that could switch two subcommittee votes, changing the outcome from 7 to 4 against Schwartz to 6 to 5 in favor.

At Drew's urging Morgan Moulder, the nominal subcommittee chairman, and John Moss, our most simpatico ally, agreed to a strategy of dragging out the Monday session into the late

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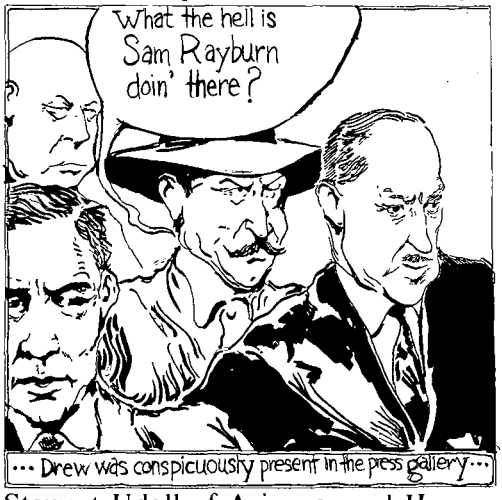
afternoon. As the weekend progressed we tracked down dozens of traveling members of Congress and got many of them to pledge to help us and to get back to Washington in time to do so. We lined up five senators—Estes Kefauver, Wayne Morse, John Sparkman, Pat McNamara, and John Carroll—to make speeches, which we would write, and two more—Richard Neuberger and Joe Clark—to ask leading questions of the speakers and give the general impression of a Senate awakening to an outrage. On the House side, where only one-minute speeches were allowed, we got pledges from Harry Shepperd and Jack Shelley of California, Edith Green of Oregon, Frank Thompson of New Jersey,



... Drew was conspicuously present in the press gallery ...

Stewart Udall of Arizona, and Henry Reuss of Wisconsin. Eugene McCarthy was particularly helpful, promising to provide "a whole slew" of one-minute orators. The "Washington Merry-Go-Round" was to produce the diatribes and circulate them on Monday morning—the House speeches in a bundle to Congressman Shelley, who would distribute them at a caucus he was holding in his office at eleven o'clock, the Senate speeches personally to each solon.

Drew's concept of the ultimate goal of the entire investigation was visible in his ghosted tracts. Their recurring refrain was that Commissioners Mack and Doerfer and the others were just following the moral example set by Eisenhower and his vice-president, Richard Nixon; Drew larded his efforts with our old list of gifts Eisenhower had accepted for his Gettysburg farm from oilmen, and with examples of the favors Nixon had done for the contributors to the "Nixon fund."

In the midst of these tendentious effusions, the personal intercession was not neglected. For example, relying on some strange bond he enjoyed with Senator Herman Talmadge of Georgia, Drew called the Senator and asked his help in getting subcommittee member John Flynt, also of Georgia, to change sides and support Schwartz. "Hummon" allowed as to how he didn't have much influence with Flynt, but that he'd give it a fling. That success was unlikely did not deter Drew; in maximum politicoing, you try everything.

As the House of Representatives opened for business on Monday, February 10, Drew was conspicuously present in the press gallery, not only to savor his handiwork but to remind congressmen that he was serious about their weekend promises to him. Speaker Rayburn must have sniffed a certain restiveness in his domain, for he presided in his august person, instead of Majority Leader John McCormack, whom Drew had briefed and from whom he hoped, at the least, procedural neutrality. Rayburn quickly rang down the curtain on our drama by using one of his inevitable prerogatives and canceling the one-minute speech privilege for that day. Whereupon Drew moved over to his fall-back arena, the Senate chamber. There, where members are not so easily silenced, the show went on as planned. Erect and pugnacious, with the visage of an offended eagle, Wayne Morse, who could mount the heights of oratorical indignation every day of the month if necessary, led off with a blistering attack on the House cover-up, demanding that the Senate take on the regulatory investigation if the House continued to shirk its duty. The speech was to have important

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consequences, if not for its effect on the Congress, then for its impression on Bernard Schwartz. Senators Sparkman, McNamara, Carroll, and Kefauver followed Morse, with Neuberger and Clark swelling the chorus of debate. Drew was well pleased; it was a big enough show to merit an immediate dispatch on the wires, which meant that over in the House, they were reading all about it on the news tickers.

Behind the closed door of the oversight subcommittee meeting room, our forces showed surprising strength for a few hours, and were carrying the day. In the first test of strength, Rep. Flynt switched to Schwartz's side, along with Charles A. Wolverton of New Jersey, giving Schwartz a 6-to-5 majority. But as the session wrangled through the afternoon and on into the evening, Schwartz lost ground by insisting that he not only survive, but survive in a meaningful way. He demanded for himself the right to hire and fire the staff, and for chairman Moulder the normal power of a chairman to issue subpoenas. And he was impolitic enough to give the members a glimpse of the spirit with which the new powers would be wielded, declaiming with a rising fervor that marked him as a man who could never be trusted in the china shop of the government's delicate arrangements with big business: "In a case such as this, if the laws are administered by men who are corrupt, dishonest, if the laws are administered by agencies under the thumb of the White House, if the laws are administered in agencies where votes are bought and sold, then the law becomes a facade."

At seven-thirty the guardians of the law fired Bernard Schwartz by a vote of 7 to 4. Morgan Moulder, who in the end had proved too honest to be Harris' puppet but too compromised to be a swashbuckling crusader, resigned his "chairmanship" in protest.

With my inside sources ousted or neutralized, my thoughts flew to what was the last hope, Schwartz's secret files. If I could get hold of them, I could check out their tips, connections, and innuendos myself, and I could hold them over Harris' head to prevent him from scuttling the probe. But Oren Harris was too foresighted an intriguer to be bushwhacked in such a manner. If he had underestimated the character of Schwartz in the past, he understood all too well the hold of his professional code and how it could now be invoked to snuff out any incipient rebellion. Moments after he severed Schwartz, Harris issued a subpoena ordering the former chief counsel to appear in the morning with all documents or copies of documents related to subcommittee work that were in his private possession. Harris knew that Schwartz, a man whose past and future were rooted in the strictest observance of legal tenets and procedures, would feel bound to honor that lawful command. The glowing career that stretched ahead of him in academe or government administration or corporate law would be forfeited if he now became a fugitive from a subpoena.

A telephone tip from a friend gave Schwartz a half-hour's warning that the U.S. marshals were on their way, and in that interim I phoned Schwartz's apartment as part of my regular keeping-in-touch routine; Mrs. Schwartz answered and told me of the impending subpoena and of the quandary it posed for her husband, both as a jailable citizen and a legal paragon. How could he not obey? My usual ready answer to this establishmentarian dilemma is "Turn yourself in to a higher authority, namely, the press—as stand-in for the American people," but since Schwartz would require a less simplistic rationale (though I to this day aver its correctness), I felt I must conjure up another authority for him to turn himself in to, another branch of government, perhaps. Why not deliver the files to the U.S. Senate before the House subpoena reached him? Thus we could preserve Bernard's decorum *and* his liberty, and keep the files in

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friendly hands to boot. I said I would try to recruit a suitable senator and call Schwartz back in a few minutes.

I called Drew, who instantly volunteered his closest Senate ally, Wayne Morse, a former law school dean and administrative law lion with a reputation for tough independence. Should we wait for Morse's agreement, I queried, before invoking his name in what was bound to be an uproarious rhubarb?

"No, every minute counts," Drew replied. "You produce the files, and I'll be responsible for producing Morse."

I phoned back to Schwartz's apartment but his line was busy. I kept calling. When at length I got through, it was to hear from Mrs. Schwartz that the resourceful Clark Mollenhoff—who was obviously watching developments even more closely than I—had appeared at the apartment with not only the same rationale as mine but with a candidate at the ready. Mollenhoff had talked Bernard into leaving with him for the Mayflower Hotel apartment of Senator John Williams of Delaware with, alas, his boxes of files!

Before my eyes passed eight months of patient nursing of the Schwartz investigation, disappearing down the drain. Damn Mollenhoff! Senator Williams was a corruption fighter of vigor and integrity, but there were two things wrong with him from the viewpoint of our cause and my participation in it: he was a Republican who was up for reelection, and he was Mollenhoff's man. When Williams found that the trail led to the White House, would he cooperate in the discrediting of his party in an election year? Would he be able to resist the various pressures the White House and the GOP would surely bring on him in his somewhat dubious posture as the holder of purloined files? I suspected that he would, but allowed myself to be persuaded that he would not. Then I cast about me for a way to convince Schwartz.

Since Schwartz and Mollenhoff and the files were already with Senator Williams, I had only one rather forlorn hope of reversing Mollenhoff's *fait accompli*. During my association with the Schwartzes I had noticed from time to time that Bernard was one of those wise men who pay instinctive heed to their wives. On the phone to Mrs. Schwartz I asked her if she had a *Congressional Directory*, knowing full well that she did. (I needed a prop to distract her from my obvious personal interest, if she stopped to think about it, in aceing out Mollenhoff.) In my most ominous tone I suggested she look up the entry on Senator John Williams. She did. "What is his party affiliation?" I asked, hoping she was unaware of Williams' above-party investigative reputation.

"Oh my God," she said. I briefly suggested a "worst possible case" scenario of backsliding by Williams while contrasting it with the unrivaled merit of our bulldog, Wayne Morse, the fellow who had defended Bernard on the Senate floor and had demanded a Senate investigation of the machinations against him. Then I asked her to phone Bernie and urge him to snatch back the files and flee to our offices, where I would meet him and take him to Morse.

A preposterous plan under any circumstance, and the more preposterous in that Clark Mollenhoff was not only one of the sharpest, most persuasive reporters around, he was also the biggest and most intimidating, a veritable giant in size and zeal. But in the realm of last resorts, the preposterous has its honored place.

Consider the scene unfolding at the Mayflower Hotel apartment of Senator Williams, while back at Schwartz's apartment building a throng of reporters and process servers are gathering in the lobby. It is about eleven o'clock. The Schwartz documents are strewn in piles all over Williams' floor. For more than an hour Schwartz has been leading the Senator through the papers and their implications, with assists from Mollenhoff, who is agog at the near-prospect of co-possession of this trove

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and the headlines he may develop from it. The phone rings; it is for Schwartz, his wife calling. When he returns from the phone, there is a distance in his eyes that divides him from his audience, and in some agitation, he begins to snatch up his papers and repack them in the large "overseas case" and two cardboard cartons that eventually form the baggage of every document thief. Awkwardly he explains that he wants to show the papers to Senator Wayne Morse. Williams seems somewhat relieved to have this cup pass from him, which confirms Schwartz in his countermarch; Mollenhoff is appalled, but following the reporter's credo of staying with documents until forcibly parted, he decamps with Schwartz, shouldering the overseas case. His disenchantment mounts as he learns they are on their way not to Senator Morse, but to Drew Pearson's place, to pick up Jack Anderson; truly Schwartz has fallen among Samaritans.

When I arrived at Drew's on the chance our ruse might work, I was distressed to find that Drew had not yet contacted Morse. It would be soon enough, he felt, when and if the papers actually came into our hands. The arrival, through the murk, of Mollenhoff, Schwartz, and their burdens sent Drew scurrying to the phone out of earshot; if the prickly Morse did not come to the phone at this hour, or did not fancy becoming a safehouse for controversial contraband, my coup would be in vain and a vindicated Mollenhoff would gain the reward of his tenacity and bear the boxes back to Williams. But Morse did come to the phone, and Drew had gauged his man aright, for he readily assented.

Morse received us at his apartment, Mollenhoff still in tow, with a conspiratorial elan that Schwartz found a reassuring contrast to the apprehensiveness of Williams. By midnight the Oregon senator was putting on heartening displays of anger over what was in the files, and truculence against those House leaders who would cover it up. And so all the papers were left with Morse. Mollenhoff withdrew grudgingly but gracefully, accepting that I, not he, would momentarily be romping through the files he had lugged all over town. Schwartz went home to face the flashbulbs and process servers and, empty-handed, was "served" at thirty minutes after midnight. Meanwhile I grabbed a few hours' sleep in preparation for tackling the files immediately, for though Senator Morse had sworn to Schwartz to protect them forever, I figured I had about 24 hours before Morse found his position untenable and turned the files back to their duly constituted owners.*

Racing through the Schwartz papers (while Schwartz's attorney gained us extra hours through delaying tactics that postponed the revealing of their whereabouts), I scribbled down many an incriminating index of the favoritism-riddled conduct of the public business by the Eisenhower administration.

The most explosive possibility resided in the scantiest set of leads, which indicated personal muscling in on Federal Trade Commission decisions by Sherman Adams and hinted at Adams' receipt of valuable

**As it happened, Morse held them a day and a half; Speaker Rayburn himself led the array of House dignitaries who negotiated with Morse for their return.*

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commodities from the beneficiary of his interventions, a textile manufacturer named Bernard Goldfine. For years we had been sniffing evanescent whiffs of Adams' trail through the regulatory thickets; now we had a little something to go on.

The Abominable No-Man

Sherman Adams, by dint of his own administrative drive and Eisenhower's distaste for the nuts and bolts of government and politics, was considered by knowledgeable observers to be the most powerful unelected official in American history. He dominated Ike's White House; in function and authority he was Haldeman, Ehrlichman, Colson, and Chapin all rolled into one.

A spare, crisp, craggy man, formerly the governor of New Hampshire, Adams wielded his power in an abrasive and self-righteous manner. White House reporters named him "the Iceberg" and "the Abominable No-Man." Determined to impose upon the politicians under him at least the appearance of dignity and efficiency—a risky and quixotic goal for any political chief—he made war on smoking in the White House corridors, feet-on-the-desk informality, and the backslapping, bottle-stashing, unbuttoned, grab-assing atmosphere beloved of politicos come into their kingdom. He was, moreover, an unforgiving martinet, quick to lop off the heads of those who slipped, and a bitter partisan forever harping on the corruptions of the Truman administration, which Drew and I had come to regard as amateur night compared to the organized looting now under way. Adams was not only the de facto straw boss of the Eisenhower administration but its most authentic symbol, save for Ike himself. Expose him as a hypocrite, a bribe-taker, and a tax dodger, and a mighty blow would be struck at the clean-as-a-hound's-tooth facade that Richard Nixon was about to inherit.

Two strands of information in the Schwartz papers kindled these grandiose speculations. First, there were intimations that an attorney at the Federal Trade Commission might be willing to talk about various instances of interference by Adams to stop enforcement of the law against Goldfine who was, apparently, a chronic violator. Second, there were unsubstantiated hints that Adams accepted favors from this same Goldfine on a continuing basis—suits, overcoats, liquor, furnishings, payment of hotel and resort bills—in other words, the patented list of goodies invariably snatched up by crooked politicians at all levels. How improbable it seemed that the austere, cheerless Adams, sitting at the right hand of the President of the United States, oozing morality and probity, would suffer the indignity, let alone the risk, of permitting himself to be indebted to a gross, indiscreet promoter like Goldfine for the clothes on his back, the liquor in his glass, the rug on his floor, the tabs for his weekends. Or, for the sake of such trinkets, to permit a predictable type like Goldfine to go around boasting, "I've got Sherman Adams in my pocket." It couldn't be.

Had I not long had my nose rubbed in the ways of Homos politicus, I would have paid little heed to such unsupported charges, particularly against a person who had made as many enemies as Adams had, but as it was, I was conditioned to believe the worst without blinking, and I began immediately, in mid-February, by contacting the attorney at the Federal Trade Commission.

I learned from him that Adams had twice gotten the FTC to ease up on its pursuit of Goldfine for putting false labels on the products of his textile plants. This could fairly be interpreted as suborning the law-enforcement process, especially so since after the first fix, Goldfine continued with the same violations; Adams' second successful intervention was to squelch criminal proceedings for incorrigible

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misconduct. From another source I learned that Adams had actually arranged for a meeting between Goldfine and Eisenhower, a breach in Adams' no-nonsense pattern that revealed Goldfine's grip on him.

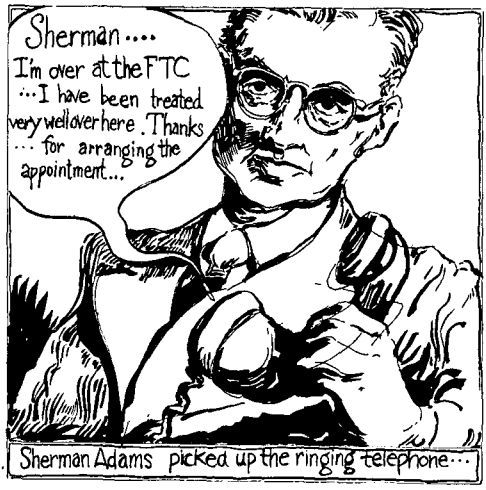
This would appear scandalous to the public, however, only if the second set of charges were true—that Adams was "on the take" from Goldfine; otherwise Adams could get away with the usual malfeasor's defense that he was just trying to see that justice was done for a harassed businessman and that he'd do the same for any American. All I had to go on here were rumors and tips, with no one willing to stand behind them; to verify them I would have to find eyewitnesses, get hold of hotel registers and payment records in Boston, New York, and Plymouth, infiltrate Goldfine's inner circle, cozen tax agents who had access to Goldfine's returns, inspire confidences from rug merchants, tailors, and liquor dealers. It would take many weeks, since I could not drop my other beats and responsibilities for daily output.

By May I had buttoned down the key ingredients of the Adams-Goldfine scandal. We knew that the story had the potential of inflicting a crushing blow on the Eisenhower White House. But we knew also that if astutely handled by the White House and played down by a cooperative press, it could be a mere two-day wonder. We decided not to go with all that we had up front, but to start off by revealing only fragments, in hopes that the White House would ensnare itself on false explanations that we could then explode, building up the story from week to week and providing time for the professional conflict within the big-time press to generate and crest.

Drew was on a European trip, with the column left in my hands, when I fired the opening salvo, on May 13, 1958:

"Federal Trade Commission records show that Adams intervened to help textile tycoon Bernard Goldfine, who got into trouble with Uncle Sam for mislabeling wool products. After Adams poked his sharply chiseled nose into the case, Goldfine was excused from further investigation with the admonition not to violate the law again.

"But in less than nine months he was caught pulling the same old tricks. . . . Again Adams came to the rescue with a phone call to FTC chairman Edward Howrey, asking him to see Goldfine. The textile baron and his son, Horst, showed up in Howrey's office on April 14, 1955, for a confidential conference. At the end of the meeting, Goldfine blurted: 'Please get Sherman Adams on the phone for me.'



Illustrations by La Mouche

"Then, in front of FTC officials, he made a great show of his friendship with the assistant president.

"'I'm over at the FTC,' Goldfine boomed. 'I have been treated very well over here. Thanks for arranging the appointment.'

"His friendship with Goldfine has been something of a mystery. It is known that Goldfine contributed to Adams' past political campaigns for governor and congressman in New Hampshire. Most of Adams' neat, gray suits are also made in Goldfine's mills."

Adams' unique position and holier-than-thou facade made him such big game that reporters pressed the White House for comment. The White House press operation fumbled the ball this time (or maybe it's just that when you

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have plenty of reserves, the other side's counter-moves always turn out to be errors). Press secretary Jim Hagerty tested the theory of executive privilege—that he could not discuss the contacts between Adams and his administration colleagues, which, under the Constitution, were privileged. When this was widely lampooned as an admission of guilt, Hagerty essayed the reverse tack of trivializing the matter—yes, Governor Adams had made three calls (we had missed one) to federal agencies on behalf of his old friend, Mr. Goldfine, but that was really just part of his job. "Adams would do the same for anyone." When the preposterousness of it—"the Abominable No-Man" posing as universal ombudsman—caused this strategy to fall flat, the creative Hagerty, who had after all silenced greater tempests than this, opened up the civil libertarian front and accused us of "trying to smear" Adams. Meanwhile, amid tokens of the President's esteem, the governor went about his business with the air of one who carries on his great obligations undistracted by the contumely from below.

But the story would not go away, in part because we were able to stoke the fire every few days with a new combustible—one we had held in reserve or a new one which, as always happens, our raising of the flag against Adams caused to come to us. During the next few weeks of May and June we periodically revived it with items such as these:

- Goldfine paid for most of Adams' clothes.
- Goldfine paid a $2,000 hotel tab for Adams at Boston's Sheraton-Plaza and other tabs elsewhere.
- Adams arranged a private meeting for Goldfine with President Eisenhower, a commodity for which senators had to wait months.
- Goldfine gave Adams an expensive vicuna coat.
- Adams had taken a number of Oriental rugs from Goldfine, one of them valued at $2,400.
- Goldfine had provided much of the furniture in Adams' home and had loaned him his airline credit card.

By the last week in May the prestige press—*The New York Times*, the New York *Herald Tribune*, *The Washington Post*, the St. Louis *Post-Dispatch*—had jumped into the story, and by mid-June the whole press pack was baying on the Adams trail. On June 14 we published our piece de resistance: not only did Adams take a vicuna coat from Goldfine, *Eisenhower did, too.*

It should have been clear by now that Drew would achieve his goal of cracking the shell of immunity that had for six years surrounded Ike; night club comedians had begun to add vicuna jokes to their repertoires. Our revelation that Ike, too, was on Goldfine's gift list ended all reasonable hope that Adams could ride out the storm without inflicting unacceptable damage on the Republican cause. It did not help that Goldfine refused to answer 18 questions put by the Harris committee and faced inevitable indictment for contempt of Congress. But it was not clear to Eisenhower and Adams. Through a long, hot summer they refused to recognize the seeping erosion that was diminishing the standing of President and party. In September the Adams affair played a part in the Democratic wipe-out of Republicans in elections in Maine, traditional GOP stronghold, and shortly thereafter Republican leaders began telling *The New York Times* that "party pressure will force Adams' ouster." On September 22 Adams resigned, still affirming that there was nothing wrong with the nation's second highest official being kept by a much tarnished supplicant before federal agencies.

The resignation came too late to reverse the damage to Republican candidates. In the November congressional elections the GOP suffered a catastrophic defeat, resulting in the lop-sided Democratic majorities in both House and Senate that have been the rule ever since. ■

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Memo of the Month

THE WHITE HOUSE

WASHINGTON

January 22, 1979

MEMORANDUM FOR MEMBERS OF WHITE HOUSE STAFF

FROM: JERRY RAFSHOON Jerry

SUBJECT: State of the Union Address Talking Points

(It is important that the State of the Union speech be "sold properly. It provides us with a good opportunity - at midterm - to put the policies of the Administration and the President's philosophy in a larger context. It directly addresses the charge of "themelessness". We should not be defensive about its theme or the fact that it is thematic.)

--It is an important speech - a summing up and a look forward at mid term. It is Carter's speech. He has spent more time on it than any other speech since becoming President. There have been at least a half-dozen meetings and as many drafts - each returned with extensive Presidential rewriting.

--The President made clear that it was to be a serious, thematic speech providing the best context to date of his approach to the Presidency, his view of the nation's problems, his vision for the future. There are few applause lines - no boiler-plate political rhetoric. The impact of the speech will come from the ideas contained in it.

--The theme of the speech is that we must build a new foundation for America's future. Specifically, we must restore the confidence of our people by building a foundation for a balanced, stable economic growth; we must restore trust to the poltical process by building a new foundation for competent and compassionate government; we must maintain a stable peace in the world by building a new foundation based on cooperation and diversity. The speech is divided into three parts: the economy (confidence) government (trust) and foreign affairs (peace). In each section there is a brief review of the progress of the last two years and a look ahead to the priority of 1979 and beyond.

--The theme is quintessential Carter. It is positive. It reflects his propensity for long-range planning. It is moderate. It is hopeful but realistic. There is nothing contrived about it. There was no effort to "find" a slogan. "New foundation" emerged from the process of developing the most definitive statement to date of the President's approach to his job.

(The "new foundation" theme will certainly be ridiculed to some extent by commentators and cartoonists. It is important that we not retreat from it so that six months from now people will say, "Remember that 'new foundation' thing Carter tried? Whatever happened to that?" The theme will hold up in the long run if we stick with it.)

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Let the Nurses Do It

by Nicholas Lemann

A few months ago I spent a couple of days watching open-heart surgery being performed. The operating room was full of people: a supervising nurse, a scrub nurse, a few residents who just watched, and three surgeons doing the actual cutting and sewing.

Besides all of them, there were two others. At the head of the operating table, dressed in green surgical scrubs, stood an anaesthesiologist, who kept an eye on the patient's heartbeat, blood pressure, brain waves, potassium level, and other vital signs, and sometimes, at the suggestion of the lead surgeon, injected one drug or another into his bloodstream. Over to the side, also dressed in green surgical scrubs, sat a perfusionist, whose job it was to operate the heart-lung machine, which pumps and oxygenates a patient's blood during open-heart surgery so as to allow the heart to lie still for a time. Like the anaesthesiologist, the perfusionist kept an eye on various vital signs and occasionally, at the surgeon's request, made an adjustment or two.

The perfusionist looked young and wore a beard, so I assumed he was a resident and was impressed that someone in only his seventh or eighth year of post-college training would be given such an important job to do. Once after an operation I approached him outside the operating room and said, "Do they always let residents run the heart-lung machine?"

He looked surprised. "I'm not a resident," he said.

"Oh, so you've finished your training?"

"No, I'm not a doctor. I'm a medical technician. I only went to school for two years."

"How much money do you make?"

"Fifteen thousand dollars."

"How much does the anaesthesiologist make?"

"About $150,000."

Anyone who spends much time around a hospital will see non-doctors and doctors working together so closely that the difference between their functions is sometimes invisible to the naked eye. What you can't see is that while the work is often similar, the money they make isn't even in the same ballpark: everybody involved in the medical world who isn't a doctor earns somewhere between a fifth and a tenth of what doctors earn. Having been to medical school seems to affect one's income a lot more than it affects one's ability to treat patients effectively.

It's difficult for most people to accept the idea that many matters of health care are fairly simple and can be done well by people without much training, but it's true. In less delicate kinds of surgery than open-heart, one sometimes sees a nurse-anaesthetist, rather than an anaesthesiologist, at the head of the table. If radiologists and pathologists didn't wear long white coats it would be difficult to tell them apart from x-ray and lab technicians just by looking at what they do. Ordinary registered nurses can be seen giving shots, inserting intravenous lines, and setting splints—and in some remote rural clinics, they do all of that without a doctor even being present. The lordly surgeon has no non-doctor equivalent who is allowed to cut and sew—but in 1977, when it was discov-

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ered that William MacKay, a salesman of prosthetic devices, had performed an artificial hip replacement at Smithtown General Hospital on Long Island, the hospital's defense was that MacKay did this kind of thing all the time. There are some medical arts, like sewing up wounds, that simply don't correspond to educational attainment—whether or not you can sew up someone is a matter of how good your hands are, not how smart you are. Some people who aren't doctors in fact do doctors' work all the time now; those people (indeed, anyone) ought to be legally *allowed* to perform medical tasks according to their ability to master them, not their educational credentials.

Non-doctors can do many of the doctors' tasks just as well, but the law reserves responsibility for the work for the doctors. That means it's very difficult to explore which medical matters can be handled perfectly well by people without an M.D.—that is, where the line should fall between sewing up a cut and doing open-heart surgery. It means non-doctors are often prohibited from doing things that everybody knows they're competent to do. It means that non-doctors can't perform medical services independently, directly charging patients their own bargain rates instead of doctors' sumptuous ones. And that's one reason why your medical bills are so high.

What doctors know that non-doctors don't seldom has a direct bearing on what they actually do all day in their practices. Most American doctors have taken two years of chemistry, one of physics, one of biology, and one of math in college; two years of further classroom training in the basic sciences in medical school; two more years of medical school spent rotating among the medical and surgical specialties to get a taste of each one; one horrible, grueling, sleepless year as an intern; two slightly more pleasant years as a resident; and possibly more advanced specialty training after that. The reason for all this training is, first, that doctors provide a more important service than anyone else—and in matters of life and death it's best to err on the side of overpreparing people. Second, in the same way that knowing Latin and Greek was once thought to subtly enrich the performance of adult occupations completely unrelated to those languages, it's thought today that the year the obstetrician spent taking organic chemistry, or his three months on a neurology rotation, will give him a breadth of knowledge and understanding that make him do a better job. Most doctors will readily admit that what they actually do all day doesn't require seven years of training to learn. But they usually say there are four or five moments in the course of a month when having been through all that gives them an appreciation of some delicate shade of meaning that the technician at their side wouldn't be able to pick up.

So in an ideal world, all that training is probably a good idea, just as it would probably be a good idea to require all government employees to read *Remembrance of Things Past*. Certainly there are some areas of medicine, like brain surgery, where the idea of someone going into practice after a couple of years of training is pretty terrifying. But for much of the rest, it's a question, as the economists say, of marginal utility: are the subtle benefits of requiring so much training of those who practice medicine worth the costs?

One of the costs is medical education, which is not only enormously expensive but also is almost completely financed by federal, state, and local governments, and by private philanthropy. And all that is only a fraction of the cost of medical education, since having the degree gives a doctor the license to charge so much for his services. There's also the problem of distribution: the longer a doctor trains, the more likely he is to become a specialist in a big city, and that has left us short on primary care in rural areas—exactly the kind of work that paramedics can do well, and inexpen-

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sively. Finally, there's a problem of opportunity: medicine as it is now structured is open almost exclusively to those who have decided on it as a career by age 18 or 19, and who are mature enough at that point to be able to do well in advanced science courses. Every doctor can tell heartwarming stories of the 32-year-old housewife who went back to school, took her pre-med courses, and became a doctor, but by and large medicine is more closed to the late bloomer than any other field. By the same token, those who do become doctors do so only at a high price in lost breadth of non-medical experience and human contact.

The Flexner Influence

In a society where the reasons for just about everything seem impossibly complex, the reason doctors have to train so long is relatively simple. The structure of medical education and licensing in America today are to an amazing extent the product of the assiduous efforts of one man, Abraham Flexner, who died in 1959 at the age of 92. Understanding what Flexner did helps explain why medicine became so dependent on a long training period and therefore so expensive. And because Flexner was very much a product of his times, it also helps explain why the professions were created in the first place and how they became so powerful and so remunerative.

Abraham Flexner was born in Louisville in 1866, one of nine children of an immigrant German merchant. When he was 17 years old his older brother, a druggist, gave him a thousand dollars and sent him to the Johns Hopkins University in Baltimore to be educated. This was, he later wrote, "the decisive moment of my life." He went through Hopkins in two years and developed a boundless admiration for the institution, for higher education in general, for the president of Hopkins, Daniel Coit Gilman, and, especially, for Gilman's proudest creation, the Johns Hopkins Medical School. Growing up in Louisville, one of Flexner's most vivid memories was of the primitive state of medicine. "The word hygiene was not a part of our vocabulary," he wrote in his memoirs. "Infectious and contagious diseases were rampant and were accepted as matters of course." At Hopkins, Flexner saw Dr. William H. Welch building a school that would change all that.

After Hopkins Flexner returned to Louisville and started a school; left that and took an extended tour of Europe; and on his return to the United States settled in New York and went to work for the brand-new Carnegie Foundation. His first assignment there was to travel around the United States and Canada and write a report on the state of medical education.

Flexner set out on his journey in 1908, at the height of the Progressive era. The nation's increasing urbanization and the wild excesses of late nineteenth-century free-market capitalism had created a nation that Henry Adams likened to a dynamo spinning out of control. All right-thinking people perceived a desperate need for a greater ordering of society, and a new class of professionals and experts (of whom Flexner himself was certainly one) was rising to meet the need. In the 20 years preceding Flexner's trip, the great foundations had begun to spring up and to finance and propagandize for a more organized, professionalized system of education. Lawyers founded the American Bar Association and began to administer state bar examinations. Compulsory school attendance laws were passed, and the states began to require specific training of their public school teachers. Academic tenure became popular. Social workers started the National Federation of Settlements. Journalism, once wildly partisan, became objective, and schools were founded to teach the new technical newsgathering skills. The American Medical Association had been founded back in 1846, but between 1900 and 1910 its membership

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That's where Western :lectric's new process for lating gold is *conserving* the recious metal, through ncreased efficiency and recision. It's producing better witching components for the 3ell System, to make your hone service clearer and nore reliable than ever.

It must be gold that's lated to the switching com- onents you see glittering in ne photograph, because no ther metal can provide the ame kind of efficient, reliable, urable, and clear telephone ransmission.

But until now, gold-plating ad always been a messy and imprecise process. There had been no way to control it accurately. No way to avoid depositing excess gold on the places it was intended to go. And on the places it wasn't.

So Western Electric, working with Bell Labs, designed a totally new system to do the job. Combining the best of electro-chemical and programmed logic control technologies, the new system can plate gold with hair-thin precision. Depositing only the desired amount, only on the designated spot. With no waste whatsoever.

Gilt-edged savings

Besides producing a much better product, Western Electric has mined a savings of $9 million from the process. And that's another way we're helping your Bell Telephone Company hold down the cost of your phone service.

Even bigger benefits

And since the new process uses 55% less gold than the old one, we could more than double production of our improved switching component. Without consuming any more of the shiny natural resource.

But there are more environmental plusses. The new process has almost completely eliminated the gaseous wastes plating used to produce. It's cut the liquid wastes by 90%. And it runs on 67% less power.

This improved gold-plating technique is another way Western Electric is working to hold down the cost, while continually raising the quality of your phone service.

Keeping your communications system the best in the world.

Western Electric

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grew from 8,400 to more than 70,000. In the federal government, civil servants came to outnumber political appointees.

In medicine, no less than all the other fields, the reason for all this systematizing was that without it important technical work would be left in the hands of charlatans and hacks. That meant more general instability, ill-served students, patients, and clients, and less prestige for the professions. In the course of his travels, Flexner visited 155 medical schools in the business of turning out all manner of "doctors"—homeopaths, osteopaths, eclectics, botanics, Hahnemanians, empirics, steamers, hydropaths, Grahamists, and many others. The schools were generally run as a sideline by practicing doctors, who packed them with students because the tuition money went directly into their pockets. They often had no labs and no affiliated hospitals; many had no admission requirements, not even a high school diploma. The length and course of study varied wildly, and the woods were full of self-proclaimed doctors who had never been near even one of these woefully inadequate medical schools.

Flexner moved quickly through the country, for, as he later wrote, "in the course of a few hours a reliable estimate could be made respecting the possibilities of teaching modern medicine in almost any one of the 155 schools I visited." He would examine the records for the students, and find them unprepared; look at the labs, and find them filthy; inspect the hospital beds, and find them insufficient; and inquire about the faculty, and find it second-rate. All in all, he found American medical education to be "sordid, hideous, unintelligent," with the single noble exception of his beloved Johns Hopkins Medical School.

His prescription was that 115 of the 155 schools should simply shut down, and that the remaining 40 be assiduously reorganized on scientific principles, with strict admissions requirements, full-time faculties, up-to-date labs, and plenty of affiliated hospital beds. He realized full well that this would mean fewer doctors, and that was fine with him; under his scheme the care would be better, and the profession would be able to offer greater financial inducements in order to attract people of quality. As for the "poor boy" who might be shut out of the medical profession by the requirement of college attendance, "he need only take thought in good season, lay his plans, be prudent, and stick to his purpose," and he could enter medicine the same as anyone else.

Flexner's report, published in 1910 as Bulletin Number Four of the Carnegie Foundation, was an immediate success—partly because its findings were so shocking and its suggestions so sensible, and partly because it was music to the ears of the fast-growing AMA, which saw in Flexner's program better health care, more respect from the public, and, of course, more money. Flexner himself spent much of the next 20 years putting his own recommendations into effect. He must have been a very persuasive man, and he spoke from total conviction in the virtues of professionalism, education and private philanthropy. "No foundation of any importance," he wrote, "has ever interested itself in perpetuating the educational, social, or economic status quo." By 1933 there were only 66 medical schools in the country, and those that survived were much richer, thanks in no small part to the fund-raising talents of Flexner. He had a genius for presenting his vision of the professional land of milk and honey to the older generation of robber barons, now finished making their fortunes and ready to do good. His autobiography is full of moments like these:

"What would you do," asked Mr. Gates, "if you had a million dollars with which to make a start in the work of reorganizing medical education?"

"Well," said Colonel Ullman, "Can we do anything with $300,000?"

"Very well," said Mr. Rosenwald, "I

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will start the subscription with half a million."

"I'll give you $5 million, including the dental clinic valued at $1 million, if the Board will give $5 million."

In his later years, Flexner founded the Institute of Advanced Study and then spent his retirement writing biographies of some of his idols in the medical, educational, and foundation worlds, and being profusely honored. At his ninetieth birthday dinner, a representative of the AMA credited him with having made the greatest single contribution in history to medical education.

In Love With Technology

Until the end of World War II, the world that Flexner made functioned pretty much as it was supposed to: schools produced doctors of high quality who went primarily into general practice and spread themselves fairly evenly around the country, charging generous but hardly ruinous fees.

Then, in the late forties, things began to change very fast. Rich, victorious, optimistic, in love with technology, and determined to provide a better life for its citizens, the government began to pour money into the structure of professions and institutions that had been born in the first decade of the century and that seemed to be working so perfectly. With the help of true believers like Mary Lasker and Senator Lister Hill, medicine received more of the government's money and attention than any other area. Biomedical research was funded by the new National Institutes of Health. Hospitals were built under the Hill-Burton Act. The passing years brought OEO grants, health manpower grants, Medicare and Medicaid, nursing homes, clinics, funding for medical schools, grants and loans for medical students, and the enormous growth of private health insurance. In 1930 the nation spent $3.6 billion on health, 13 per cent of which came from the government; 40 years later our health bill was $69.2 billion, with 37 per cent coming from the government.

By the end of the war the physicians-per-thousand-population rate was less than half what it was when Flexner wrote his report, and even today it is substantially less; so naturally all this new money vastly increased the earnings of doctors. From 1960 to 1977 the consumer price index for doctors' fees nearly tripled. Each citizen spent, on the average, $17.52 on doctors' bills in 1950, $30.57 in 1960, and $145.84 in 1977. Between 1960 and 1976, the average income of doctors more than doubled. More and more doctors coming into practice were choosing specialties over general practice and the cities over small towns and rural areas, partly because specialties are more advanced and prestigious and partly because they're better paid. In 1965, 22 per cent of American doctors were in general practice; in 1975, 12 per cent. Today there are about 350,000 doctors in the country, averaging about $100,000 a year before expenses and $60,000 after, which makes them by far the highest-paid occupational group in the country.

Those numbers are the reason why it's now worth wondering whether Flexner's wonderful system is still the answer. Today there are about a million licensed registered nurses in the country, making an average of about $12,000 a year. If their pay stays even in the same ballpark,* obviously the more of what is now reserved for doctors that can be turned over to them, the less health care will cost. Organized medicine always resolutely opposes that kind of measure, and not only out of financial self-interest—most doctors also share Flexner's horror of charlatans and butchers being allowed to practice, and just as

**Of course, they don't want it to. Nurses and other paramedics are now agitating to be paid the same as doctors for doing the same work, a movement that if successful would destroy the case for letting non-doctors do more.*

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you probably can't imagine that somebody who hasn't been to college could do your job, they can't imagine that somebody who hasn't been to medical school could do theirs. Of these fears, the fear of charlatans is the most legitimate, but with prices where they are it's well worth figuring out a way to ensure competence via less training, or less of the kind of training that is an automatic passport to $60,000 a year. The functional difference between doctors and non-M.D. health personnel just isn't anywhere as great as the economic difference.

For example: obstetricians are doctors who deliver babies, and nurse-midwives are nurses who deliver babies. The obstetricians train seven years, the nurse-midwives considerably less, and as a result the obstetricians think the nurse-midwives don't know what they're doing. But at one California hospital, when two nurse-midwives came in, the infant mortality rate dropped from 23.9 to 10.3 per thousand. When the doctors succeeded in kicking out the nurse-midwives, the rate went up to 32.1 per thousand. Similarly, lab technicians (with no M.D.) and pathologists (with an M.D.) often do the same work. So do x-ray technicians and radiologists. Psychiatrists and psychoanalysts go through four years of medical school and three of internship and residency, and then use almost none of what they learned there in their daily work. Optometrists (without an M.D.) have shown that they can do much of what ophthalmologists (with an M.D.) were for years successful in reserving for themselves. Nurse-anaesthetists can do much of the work of anaesthesiologists. Rural and inner-city clinics have had happy experiences using nurses to run the show completely, including prescribing some drugs.

More generally, the internship, which is so horribly unpleasant that it usually convinces doctors that no amount they're later paid could be too much, need not be so pointedly tortuous. There is some point to doctors spending a year seeing a lot of patients, and even some point to doctors having to stay up all night two or three times. But *every* night for a year? This is a case where the older doctors ought to be given more, not less, work: they should have to share the burden of late-night hospital duty so that everyone would do it occasionally rather than a few doing it constantly.

Of course, there will always be difficult and specialized cases that the non-doctors really aren't equipped to handle—the high-risk mother's delivery, the elderly patient's anaesthesia, the delicate eye surgery, the psychiatric emergency. It's essential that non-doctors in medicine know how to spot a difficult case and send it on to someone who knows how to treat it, just as general practitioners send on their difficult cases to specialists. But to do the bread and butter, we just don't have to pay what we're paying now. Most doctors admit that they learned how to do their jobs mostly by standing around and watching other people do it. People who haven't gone to medical school can learn in the same way.

In the 70 years since the Flexner report was published, our society has done an admirable job on all fronts of getting rid of the hacks and the charlatans. We live in a charlatan-free society—or anyway there is no charlatan who is not at least properly credentialed. But in those years every profession has taken the occasion of purifying itself to also restrict its numbers, up its rates, grant tenure to its members, and close itself to what Flexner used to call the "poor boys"—all this on the assumption that there is a perfect fit between strictly enforced educational requirements and professional competence. The flaw in Flexner's perfect vision is that the fit is loose; it's possible to do the job without having had the schooling, and to have had the schooling and not be able to do the job. Seventy years ago, when the professions were new, that was a minor point. Now that they control most of our services and a good portion of our money, it isn't minor any more. ■

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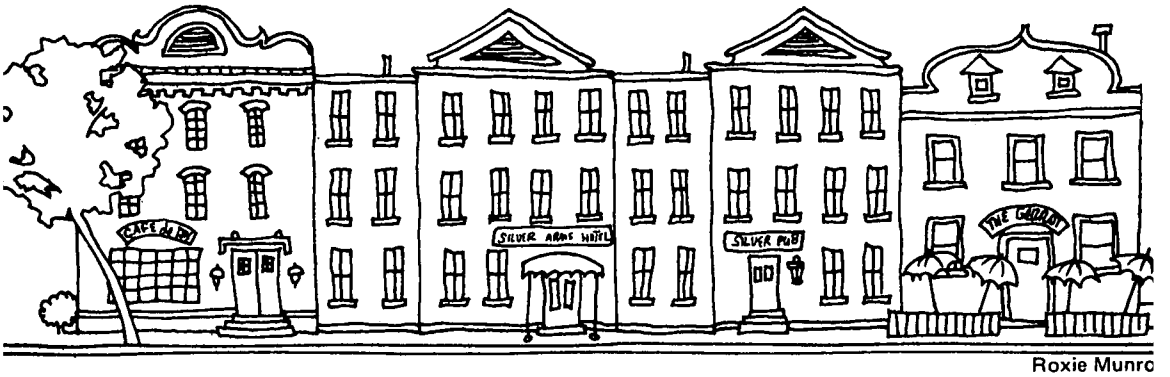

Roxie Munro

Where to Stay in Washington

17th and N St., N.W.

A quiet, small hotel, on a charming tree-lined side street, where there are no store fronts, no neon signs, where people actually live--yet only one block from Connecticut Avenue, a ten-minute cab ride to nearly all the government agencies, two blocks to the Metro station, and within easy walking distance of some of the best restaurants in Washington? Yes, it's possible, on N Street N.W. between 17th and 18th streets. Lined with brownstones and rowhouses, some designed by prominent architects of the last half of the 19th century, the street has survived the ravages of the developers through the efforts of the residents and preservation groups (one tragedy, however, was the disappearance of the homes of Teddy Roosevelt and of FDR).

Two of the hotels, **The Tabard Inn** and **The Gralyn**, faithfully uphold the Victorian tradition. The rooms are simply and sparingly furnished with period pieces the owners have picked up in antique and used-furniture shops in the area. In both hotels most rooms have fireplaces--although purely for decoration - and don't be surprised to find some cracked plaster or a few floor squeaks here and there and *not* to find pastel, colorcoordinated bathrooms.

The Gralyn, 1745 N St. N.W., 202-785-1515, is a bargain: singles with bath are $25, $30; without, $15, $20; doubles with bath, $30, $40; without, $20, $25. Additional persons in room, including children, $6. The 34 rooms are in two connecting townhouses owned by Polly Morrison, who has been at the forefront of the preservation movement. There is no room service, and the only meal served is a full breakfast for $3.25. In the summer, there's an attractive garden for eating breakfast or just sitting. All rooms have black-and-white television and window air conditioners. It's one of the few hotels in Washington that provides free parking, right behind the hotel.

The Tabard Inn, 1739 N St., N.W., 202785-1277, is a bit more lively, probably because of its good restaurant and the wood-paneled sitting room with fireplace, orientals, and sink-in sofas, a nice place for a drink or to relax and chat (except when the television set—the only one in the Inn—is tuned to the wrong channel). A continental breakfast served in the restaurant is included in the room price; the restaurant is open to the public for lunch and dinner. Singles with bath, $39, $55; without, $23, $28. Doubles with bath, $53, $69; without, $42. Additional guests in room, including children, $14 each.

The Canterbury House, 1733 N St. N.W., 202-296-5576, is regarded by many as the black sheep of the block--a metal/glass/pink-brick replacement for those wonderful Roosevelt houses. It offers daily, weekly, and monthly rates for its 95 one-room efficiencies. All have fully equipped kitchens and sport the typical undistinguished, but neat motel-studio-couch decor. There's room service, laundry facilities, vending machines, and a sun roof. And you can even bring your dog for $4 a night (only $1 if you are on a monthly basis). There's a small restaurant, the **Polo Pub**, which serves lunch, dinner, or drinks (no breakfast). Daily room rates: single, $34, $36; double, $37, $40. Weekly: single, $180, $190; double, $194, $210. Monthly: single, $450, $550; double, $490, $580. Children under 12 free with a parent. Additional guests in room, $4. Parking indoors is $5 a night, $40 monthly; outdoors, $4 a night, $30 monthly.

The other place to eat on the block is **The Iron Gate Inn**, for good Middle Eastern food, adequate American dishes, and wine by the carafe, all at moderate prices. During the winter you're in the paneled, converted carriage house with wood-burning fireplace. From April through October, the courtyard is one of Washington's most charming settings for outdoor dining.

—Carol Trueblood

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Tidbits and Outrages

Insane Logic

This is neither a tidbit nor an outrage but it is a wise and important point made by a man named John White of Cheshire, Connecticut, on the op-ed page of *The New York Times*:

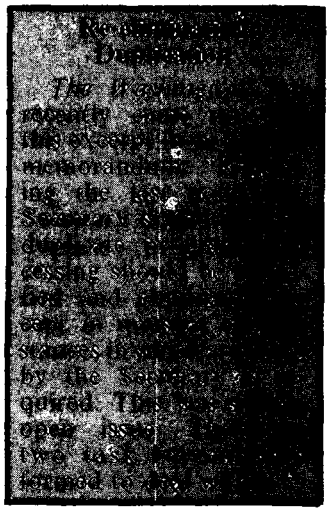
"Is a person responsible for his behavior if he is insane or brainwashed?

"Legislative and judicial proceedings answer no. To this I say there is no substitute for personal accountability and nothing more dangerous for society than to allow a person, regardless of his state of mind, to escape the consequences of his actions.

"Consider murder trials in which the accused have pleaded not guilty by reason of insanity. Admitted killers have literally gotten away with murder—legally. The insanity plea allowed judges to sentence them to mental hospitals for observation and treatment. There they were found sane and released because they can't be tried twice for the same crime.

"It is *legislative* insanity that this should be allowed to happen!

"In a free society, laws are made to control behavior, not states of mind. A defendant's mental state should have no bearing on whether he is found guilty of committing a crime. He may be insane, brainwashed, or even, as in Son-of-Sam-type cases, 'possessed' by an evil demon (though 'Son,' David R. Berkowitz, now denies it), but that should only be taken into account *after* the finding. If a person is genuinely unbalanced, he can be given a prison sentence that includes appropriate treatment to restore mental health, whether the treatment be psychiatry, deprogramming or exorcism. Then, if treatment is successful, the person should serve the rest of his sentence unless the preponderance of expert opinion feels that pardon or commutation is in order. At that point compassion becomes proper—but not before. The legal system is intended to deliver justice, not compassion."



I'm Guilty, You're O.K.

Perhaps there is still hope for the psychoanalysts. Here's what one of them, Willard Gaylin, is saying in his new book, *Feelings:* "Shame and guilt are noble emotions essential in the maintenance of civilized society, and vital for the development of some of the most refined and elegant qualities of human potential—generosity, service, self-sacrifice, unselfishness, and duty."

On Second Thought . . .

At the recent luncheon sponsored by the [illegible] Association the assembled defense contractors and [illegible] oppose the Balanced Budget amendment "even though your natural [illegible] might lead you to support it." "Think about it," said [illegible] McCarthy, "Where are the cuts likely to come from? Isn't it likely [illegible] the defense budget? . . ."

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Chrome-Plated Government

"Mayor Marion Barry," writes Milton Coleman in *The Washington Post*, "has a round conference table with a chrome-plated base and half a dozen chrome-legged chairs. So does the mayor's right-hand man, general assistant Ivanhoe Donaldson. So does special assistant Diane C. Lewis. And special assistant Edward Meyers. And special assistant Matthew Shannon. And special assistant Lillian Sedgwick.

"The cost of furnishings alone for the large new central office staff could reach about $15,000, according to Executive Secretary Dwight S. Cropp. Some costs are especially high because items have been purchased from private vendors rather than through the federal government in order to avoid delays in delivery. . . ."

Cropp, according to another story by Laura Murray in *The Washington Star*, "wants an additional $64,100 to pay an outside consultant to conduct an in-depth review of the relation between the District's government and the diplomatic community, the numerous business and professional organizations and branches of the federal government housed here."

Another Year, Another Yacht

A Christmas letter from a doctor's wife has been passed along to us. Here it is, with a few deletions and name changes to protect the guilty:

"Another year bites the dust! As ever, things are going along well—thankfully. Bob is fine, despite his hectic lifestyle. His surgery practice continues to prosper, with plans for a new medical office building. His outside business is growing—with three franchised retail stores in Nevada and California, a warehouse, delivery truck, and the immediate prospect of moving the Las Vegas store to the area's newest and largest shopping center. In addition to medicine and business, Bob is involved in pinball games, slot machines, land speculation, and possibly restaurant financing. Needless to say, Bob has had little time to pursue his hobbies and interests—tennis, golf, fishing, hunting, skiing, bridge, backgammon, plants, and collecting stamps, antiques, coins, art, and stained glass. Nor has he had time to make adequate use of our Lake Tahoe condo, the Elks Club pool, the indoor racquet club, the golf course, his Blazer, trailbike, fishing boat, and THE SAILBOAT (our most recent acquisition).

"Still Bob has been doing a bit more traveling this year—gift and electronics shows in Los Angeles, San Francisco, and Chicago, skiing around Lake Tahoe and in Telluride, Colorado, fly fishing in Yellowstone, and medical meetings in San Francisco and Lake Tahoe. We took the kids for a week in June to see the sights in Northern California and to camp in Yosemite. We're planning a Medical ski week in Lake Tahoe in January, a week in Hawaii with former residency pals in February, and a few days in Death Valley in March. We're thinking of taking the kids skiing in March at Mammoth Mountain or Sun Valley. Our tentative future travel plans include rafting the Grand Canyon, some foreign travel, more camping with our Ford van, and ocean fishing. For myself, I am arranging a week at a beauty ranch in Mexico in April and a backpack weekend this summer. . . .

"For all intents, the house is completed. We redecorated somewhat to suit the seven rooms of new furniture that was ordered last December. Now we just have to buy patio furniture and a new master bedroom outfit. Until we find out if a scheduled four-lane highway contiguous to our property will go through, we're holding off on a greenhouse-sitting room addition and a jacuzzi.

"In spite of our pleasant home, Bob and I are still too involved with parties, dinners, casino shows, movies, concerts, bridge, tennis, dances, and the university athletics to spend much time there."

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How to Take the Big Money out of Politics

by Curtis B. Gans

This is an argument for an idea whose time has not yet come.

It is, however, an idea whose time had better come soon—for the health and welfare of American democracy: abolish the paid political television commercial.

Abolish the marching drummers swinging to the tune of "I'm feeling good about America." Eliminate the fast-paced clips of the tall, strong man with his shirtsleeves rolled up, his tie at half mast, his jacket slung over his shoulder, and his jaw set in determination to tackle "The second toughest job in America." Blow away the radioactive mushroom-shaped cloud hovering over the little girl picking daisies or the rooster-shaped weathervane whose 180-degree swings meter the opposition candidate's shift in expressed views.

The case against paid television politics is simple, straightforward, and rests on a series of almost self-evident premises:

Money—In 1978 Senator Jesse Helms raised and spent more than $7 million, much of it his own money, in his successful reelection bid. William Clements raised and spent more than $4.5 million to wrest the Texas governorship from the Democrats. In 1976 John Heinz spent about $4 million of his family fortune to become senator from Pennsylvania.

In the two decades since television became a fixture in the American living room and packaged television advertising became the increasingly dominant mode of political campaigning, the costs of running campaigns on every level in which television advertising might be useful—from Congress to the presidency—has quadrupled.

The nature of the medium as a campaign tool—the need to buy time and plan advertising campaigns well in advance of election day—has forced candidates to seek large sums of money to be available early in their campaigns. This need for early financial certainty, in turn, has made candidates increasingly more dependent on their own personal resources, their borrowing power, and/or the help of wealthy individuals and institutions rather than the vagaries involved in small-giver campaigns.

Because of television, elective office is becoming a realistic ambition only for the very rich or for those who are willing to enter office beholden to interests and individuals who have the wherewithal to provide competitive financing with the very rich.

Participation—New York's Governor Hugh Carey raised slightly more than $3 million in his successful 1978 reelection campaign. Of that sum, more than $2.5 million was paid to media consultant David Garth to conduct a campaign of television advertising. This allocation of campaign resources has become typical of most modern statewide and national campaigns. And, as more and more of every campaign dollar is poured into packaged television, less and less is available for more traditional modes of campaigning.

These modes, however, are precisely the ones that involve *people* in the political process—volunteer activities,

Curtis Gans is the director of the Committee for the Study of the American Electorate. *© 1979 by Curtis B. Gans.*

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organizing efforts, storefronts, involvement of interest groups and minorities, neighborhood coffee klatches, local political clubs, and personal appearances by the candidate. As politics has become more and more electronic, it has become less and less involved with people.

It is little wonder that the high point in voting and political participation in modern times was achieved in 1960, when packaged television was in its infancy, and that both participation and voting have declined as television has supplanted the human being as the staple of American politics.

Content—It is not a figment of the public's imagination that most candidates look and sound alike and that the choices in the political marketplace seem to be between the two tweedles—dum and dee.

For the rise of packaged politics has produced two new phenomena: the cloned candidate and the independent media consultants.

Thanks to packaged advertising, candidates for higher office have increasingly been selected not for their character or competence but for their charm and charisma—their media saleability, if you will.

They tend to look, act, and sound alike, because in certain fundamental ways they are alike. For their advocacy derives not from a response to a different and internal drummer of deeply rooted values and strongly held convictions, but rather from a reading of their self-interest from the tea leaves of public opinion polling.

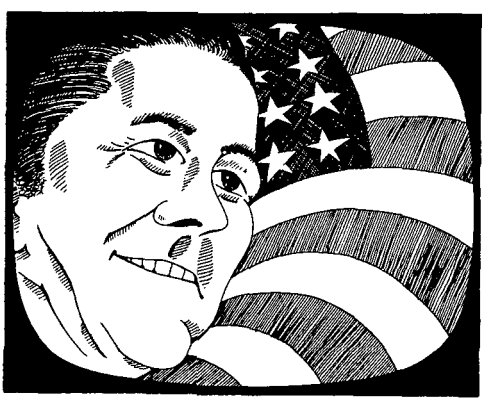
As the strength of character of candidates becomes weaker, the power of media consultants and their attendant pollsters grows stronger.

They have already supplanted the political party as the point of access to the political process for most major candidates. They have, because of this, vitiated what little discipline remains in the party. They have, because of the centrality of media to modern campaigning, supplanted the campaign manager and political advisor as the key campaign official.

Now, however, media consultants and pollsters are having increasing influence on the course of public policy. As long as candidates and office-holders believe their election and reelection will not be secure without the help of media and polling—the views of both consultant and pollster will be sought and heard on many questions about which they are less than qualified to answer.

Because of packaged politics, Gerald Rafshoon and Patrick Caddell may well have a more determinative say over President Carter's public policy decisions than will dozens of Cabinet, sub-Cabinet, and elected officials who are more knowledgeable.

There is, in addition to these points, the sad fact of American political life that, according to recent polls, a majority of the voting public derives more of the information it uses to make political decisions from televised political advertising than it does from any other single source of information.



Illustrations by David Kidd

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And that, if allowed to continue, is a dangerous state of affairs.

Compelling Idea

But if the case for the abolition of the paid packaged political television commercial is compelling, the route from ought to is—from compelling idea to legislative enactment—is fraught with difficulty.

Congress will be reluctant to enact such a ban. Many in office like the control packaged television gives them over their campaigns and the freedom it provides them from the messiness of using campaign volunteers. Others, like Senators John Heinz or Jennings Randolph believe, not without reason, that their election or reelection victories are owed to a sophisticated use of packaged politics.

But someday soon, it may dawn on Congress that for every member such as Heinz or Randolph who owes his election to packaged politics, there are several—like Senators Dick Clark, Thomas McIntyre, Floyd Haskell, or Charles Percy—who were made vulnerable or defeated by demagogic or last-minute television ads.

The most serious obstacle, though, is the view that such abolition would violate First Amendment guarantees of free speech.

Whatever the issue of packaged politics is, it is *not* an issue of free speech.

This is true, in part, because packaged politics is not *free* speech but rather costs a lot of money; and contrary to what the rich would have one believe, money is not the same as speech. Just because an individual has the wherewithal to purchase television advertising does not, in and of itself, give him the right to inflict that advertising on the rest of us.

The converse is also true. Given the pervasive nature of the medium, a candidate who, for lack of funds, cannot compete for television time and placement with a more wealthy opponent is at a substantial disadvantage. Indeed such a contest creates sufficient inequality that it would be fair to say that the poorer candidate suffers from a greater deprivation of free speech than had both been totally denied access to the electronic tube.

It is this profound difference between television and other mediums—a difference in pervasiveness of coverage, limitation of outlets, and cost of access—that has persuaded courts to approve such historic redefinitions of free speech as the fairness and equal time doctrines.

It is because of this understanding of the nature of the medium that we have abolished cigarette advertising, have insisted on certain standards of truth for product advertising, have restricted portrayals of violence to certain hours, and have kept blatantly prurient matter from the non-cable television screen altogether. If the nation can abolish certain advertising and limit certain programming to protect the welfare of individuals within American society, it can surely abolish televised political commercials that tend to injure society as a whole.

For those who feel that a total ban on televised political advertising would be an infringement of free speech, there are alternatives. Congress might enact a ban on the 10-, 30-, and 60-second spots that are the staple of packaged advertising and the greatest invitation to demagoguery.

Or better still, Congress might emulate some European nations, which allow candidates to purchase television time but outlaw packaged commercials. Under such a system a candidate would still have the ability to buy the time he wanted, to say what he wanted, provided it was he who was doing the saying.

Finally, it should be realized that even a total abolition of television political commercials will not produce instant miracles. By itself, it will not restore vitality to the American political process. It is, however, a constructive first step, for it might make possible the conditions under which such a renaissance might take place. ■

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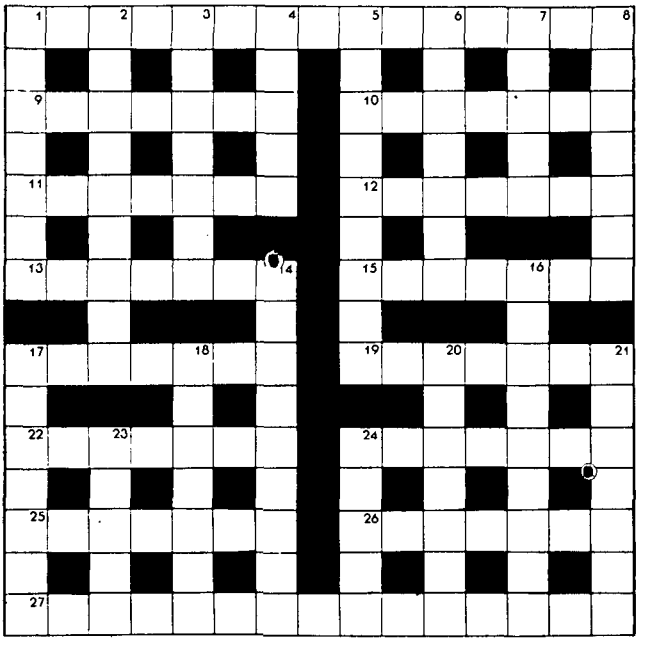
the political puzzle

by John Barclay



ACROSS

1. Church ground puts on international festivals at pumps soon? (6,2,7)
9. Shades drawn around soy well. (7)
10. Salt arranged to retain tea. (7)
11. Visitor could be tout, sir. (7)
12. Home puts a little something in a hat. (7)
13. Cleo can be made to hide. (7)
15. Specified date for tricky sea duty. (7)
17. Flood waters are in vacancy sign. (7)
19. Animal becomes stricter at last. (7)
22. Rosie on a fling shows signs of being eaten away. (7)
24. Doesn't like direction in tears. (7)
25. Hinting about the latest rage. (2,5)
26. Four in test is insignificant. (7)
27. Likely to occur when Esso ain't lasting. (3,7,5)

DOWN

1. Secret like a vault? (7)
2. Furnace at ice rink would make Orr nubile. (3,6)
3. Tie move displaying feelings. (7)
4. Up to three directions in beginning. (5)
5. Artificial enhancement of tiny chest. (9)
6. Famous slogan of too popular restaurant? (7)
7. To change put pad up in at once. (5)
8. We style arrangement in a very pleasant way. (7)
14. Hang title strangely for TV movie. (4-5)
16. Let Ted intone for custody modification. (9)
17. Get mine somehow in abundance. (7)
18. Title is arranged for aristocrat. (7)
20. Implant in photograph? (7)
21. Scores with refinished lustres. (7)
23. Pledge to make young hog. (5)
24. Assessment of endless oration. (5)

The numbers indicate the number of letters and words, e.g., (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word. Answers to last month's puzzle are on page 57.

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Abolish the SBA

by Bonnie Goldstein

In the basement of the Longworth Building on Capitol Hill, down a dark corridor past the maintenance quarters and painters' ladders, is a small, crowded room filled with computers and microfiche machines. The room is a researcher's dream, particularly the data bank computer, which will give a capsule synopsis of any newspaper story, on any subject, that has appeared in one of the country's leading papers since 1969. It's the greatest timesaver an investigator could hope for. But try programming the data bank for "SBA/corruption" and the dream goes sour, the screen offering up a mishmash of electronic apologies. The computer has overloaded. There have been so many instances of "SBA/corruption" that they must be qualified by year. In the last ten years, it turns out, over a hundred stories have been printed in major newspapers chronicling several dozen major cases of corruption and fraud at the Small Business Administration. The latest crop features a slew of exposes of the agency's minority business loan program. One story reported that $3.5 million in SBA money was discovered missing in a quick check of the files in New York City alone. In Chicago, SBA officials were caught steering government contracts to friends. And on the local scene, there was the ongoing trial of former District of Columbia Director of Human Resources Joseph Yeldell, accused of accepting bribes in connection with an SBA loan he got for his now-defunct travel agency.

This prodigious output of scandal is impressive for a relatively small (4,500 employees) and obscure agency. But the SBA may soon outstrip even the far larger General Services Administration as a source of steady work for reporters and federal investigators. In fact, the parallel between the two agencies is striking.

The character of both, through the years, has been shaped by their reputations as boring, unimportant bureaucracies. The GSA bought desks; the SBA made loans to grocery stores. For the government, this meant that if a particularly inept administrator had to be given a federal job, and no less significant place could be found to put him, he could be buried within one of these agencies, in the hope that it would be difficult to do much damage from such a remote outpost. For similar reasons, the press focused most of its attention on the more glamorous government offices. The results of this confluence of incompetence and inattention were predictable. Whenever a stray reporter, an impulsive investigator, or a reckless administrator happened to overturn a rock at SBA or GSA, something would begin to stink. Most often the stench came from some illegality, and a bureaucrat would go to jail—but at both agencies, the greatest cost of neglect was a waste of dollars and opportunities.

When you look more closely at the functions of the two agencies, however, it becomes clear that the on-going SBA revelations represent by far the greater tragedy. There is a limit, after all, to the amount of money that even the GSA can pay for a filing cabinet—and even if the veneer begins to peel after awhile and the drawers get stuck, well, the country isn't going to grind to a halt.

Bonnie Goldstein is a Washington writer.

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The SBA, on the other hand, is charged with the health of a sector of the economy that accounts for 43 per cent of our Gross National Product, 80 per cent of our new jobs, and most important, about half of the inventions and innovations that keep the economy going. In an era when productivity growth is sluggish, and we are threatened by vigorous foreign competition, a healthy small business sector should be an overriding national priority. As the government's chosen means of promoting small business, the SBA might be expected to have been the object of special presidential attention. Instead, it has been used by a series of administrations as a sort of political dumping ground. After 25 years of this kind of treatment, it is not surprising to find that nearly all of the SBA's major programs are in a shambles, while the share of the economy dominated by the large business bureaucracies continues to expand.

The Burial Ground

The current administrator of the SBA is a man named Vernon Weaver. Weaver, most who have met him will attest, is an honest and likeable fellow. Before he became SBA administrator, he was the President of Union Life Insurance Company, which, it so happens, is owned by a prominent Southern financier and Carter fundraiser named Jack Stephens. After Carter's election Weaver, with Stephen's backing, could expect full consideration for one of the slots in the new administration. And there was one position Weaver coveted. He wanted to be Secretary of the Navy.

But the Carter transition team had somebody else in mind for the Navy job, and they cast about for a suitable "consolation prize" for Stephens' protege. So Weaver found himself heading the SBA. Agency employees who have worked with him say that he has retained the look of "a guy who'd like to be someplace else."

What Weaver inherited was an agency with an unenviable reputation as a resting place for civil servants looking for soft jobs. "They have a job over at FTC or GAO, for instance, and are a GS-14," describes Bob Harris, assistant staff director of the Senate Subcommittee on Federal Spending Practices. "Then they hear there's a GS-15 or 16 open over at SBA." There they go, and there they stay. Especially in the agency's field offices, these officials can be resistant to new directives from headquarters—or, as one Senate Small Business Committee staffer put it, "They don't give a shit what the current administration in Washington says."

The Sales Drive

The job of these employees is to give out loans to small businesses. The SBA also runs a program to get government contracts for small firms, and it dispenses some management advice—but the loans take up the lion's share of its staff and budget.

The agency's problems start with its vague conception of this financial mission. The SBA was designed to be a "lender of last resort"—the idea is that after a small businessman is turned down by a bank, he can take his rejection letter to the SBA, and if the agency decides it is "reasonably assured" of getting its money back, it will lend him the money—usually at a very attractive rate of interest. It all sounds great if you're one of the loan recipients, but the grander purpose is less clear. The agency perennially has been split between those who saw it as a hard-nosed lender and those who saw it as a social service agency. But neither role fit the loan program very well. After all, the banks could be expected to skim off the best small business prospects for themselves, leaving the SBA with the rejects. Of those denied conventional financing, the SBA could only fund a tiny fraction. Why concentrate assistance—and a low-interest

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subsidy—on the bad prospects rather than the good ones? And, given its limited budget, which of the rejects was the SBA supposed to help?

These are questions the SBA has never gotten around to answering, though a number of answers were possible. The agency could, for example, have seen its mission as the promotion of new enterprises in areas the banks regarded as too risky, or where technical and productive breakthroughs might have broad benefits that the banks didn't care about. Or it might have tried to promote competition by funding new entrants in local industries dominated by a few firms.

Instead, the SBA has muddled along, serving what one agency official called "the upper middle class of the turned downs," seeking only its "reasonable assurance" of repayment. Most of the loans go to businesses in sectors of the economy already overpopulated with small firms and already well-served by local banks: restaurants, grocery stores, wholesale and retail merchandising. Nor are these the kinds of industries where new businesses are likely to pioneer technical innovations. Businesses that are starting from scratch have little hope of getting an SBA loan, because they are considered too risky. And despite this seeming concern with repayment, the agency hasn't been too successful on that score either—of all the dollars lent out by the SBA in its 25-year career, only about half have been paid back. If the SBA were a bank, it would have gone belly up years ago.

Without a clear sense of purpose, the SBA was uniquely suited to avoid any evaluation of its performance. As the lender of last resort, it wasn't expected to make spectacular investments—or even to minimize its losses. And since the leaders of the agency failed to set any other goal, there was no other standard by which to judge whether the loans were going to the right people.

What filled the vacuum, it turns out, was classic bureaucratic self-interest. For years, the SBA's lending operations have resembled not so much a careful analysis of the prospects or worth of various business proposals as a sales drive on a used car lot. As Curtis Prins, former chief investigator for the House Banking and Currency Committee explains, "You can't go to Congress and say 'Appropriations Committee, we want a $100 million increase in our budget, and by the way, we made 70,000 fewer loans last year than we did the year before.'" So the watchword, as one former SBA official put it, was "go out and scare up as many loans as you can. If they're bad, don't worry. They expect bad loans. As long as the numbers are high, whatever sticks to the wall [as a sound loan] is a bonus."

To aid in the push for higher numbers, the agency set up a quota system. "They had charts and graphs and the most sophisticated computer printouts you ever saw in your life, broken down by man hours, by area, by congressional district, by senator," said one former official. "It was open to your page every month, and circled where you were. They increased the top peoples' quotas to make up for the unmet goals at the bottom of the charts."

Local loan officers spent most of their days approving new loans—and, not surprisingly, liquidating the large number of loans that went sour. The other aspects of the lending business—checking out the facts and figures behind the proposals, watching for signs of trouble, even checking up to make sure the business existed, fell by the wayside. A 1976 General Accounting Office survey discovered that in only one out of three cases did the SBA officials even bother to make an initial visit to see if the businessman had spent the money on new equipment or a vacation in Miami.

The quality of SBA's loans deteriorated further in the early Nixon years, when the agency shifted its emphasis from making loans directly to businessmen to guaranteeing up to 90 per cent of loans made by private banks. SBA officials were proud of the new program—it allowed the agency to

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make more loans with less funds, and the size of the basic loan program doubled in the space of two years. Unfortunately, as the SBA relied more and more on the banks' analysis in evaluating loan applications, the banks, with practically all of their investment guaranteed, had little incentive to do the job well. In many cases, they didn't even bother to notify the SBA when a borrower stopped paying—except, of course, when it came time to collect their 90-percent guarantee.

Not surprisingly, as the number of loans mounted under the guarantee program, so did the agency's losses. The SBA has already had to make good on its guarantee for a horrendous 15.3 per cent of the loans extended in 1973, but this figure only represents a fraction of the potential expense. Since the guarantee program has expanded so rapidly in recent years, most of the loans haven't yet had time to go bad. And the SBA has effectively postponed many of its losses by refinancing, even though there is little hope that these second loans will ever be paid off. Almost a third of SBA's loans are for refinancing, and of those, the GAO found that 23 per cent were "questionable," because they simply threw good money after bad. As the agency puts off the day of reckoning, congressmen are beginning to worry that they may have disaster on their hands. "The scary thing," said one congressional staffer, "is that the SBA itself doesn't know what the potential losses might be."

The Model Employee

The same vague purposes and responsibilities that make the SBA ineffective at stimulating small business are also at the heart of the agency's most persistent problem: corruption. In a government body that dispenses $2.7 billion of largesse, the temptation toward graft will always be present. But when there is no yardstick for measuring whether a loan should or should not have been made, a good sample of otherwise honest men may be moved to larceny.

One of the best known of these men is Thomas Regan, a twenty-five-year civil servant, who formerly headed the Richmond, Virginia district office of the SBA. A tall, dignified man in his early fifties, with pale blue eyes and the gentle manner of Marcus Welby, Regan is currently serving an unusually tough nine-year sentence at Lewisburg Maximum Security Penitentiary after being convicted of racketeering and accepting bribes. Yet, he was also recently described by the government investigator who handled his case as "one of the best employees SBA ever had. One of the most loyal, dedicated, government people I've ever come across. Everybody loved him. He didn't have any enemy in the crowd."

Unfortunately for Regan, the qualities that made him valuable to the SBA also led him into the grey world of white-collar crime. As an agency that depends on the whims of congressmen—and an agency whose efficacy might quite reasonably be questioned by lawmakers at any given moment—the SBA has made it a policy to curry favor with its overlords. "It was my job to know all the politicos in the state, on both sides, Democrats and Republicans," Regan says proudly. "That way, if there was any political need it would come through me. . . . If you're doing your job right, you know the congressman, his legislative assistant, his administrative assistant, his secretary and his aide," he remembers. "We were all friends."

Those friends could also include the leading local businessmen as well. You see, the SBA serves small businesses, but a small business by SBA standards could still be the largest company in town. The limit for a manufacturer, for example, is one million dollars net worth. Small potatoes compared with GM or ITT, but in a city of 40,000, the two or three biggest factories might all be eligible for SBA-guaranteed loans. And in a small town, where the manufacturers are known and re-

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spected, they get SBA-guaranteed loans from the same bankers who are in the church or the PTA with them. The relationship among the bankers, business, politicians, and SBA officials often takes on the aspect of a fraternity chapter.

In this environment, loyalties become confused. If a local businessman doesn't have enough collateral to secure a loan, but his congressman sends a strongly worded letter supporting his application—well, it will be best for everyone if a closer inspection of the files reveals a "reasonable" chance of repayment. For a district director like Regan, doing your job meant performing this sort of favor every week. As long as no money actually changed hands between businessman and official, no one would get in trouble. And when some businessmen began to offer Regan gifts, the situation didn't seem different enough to inspire anything rash, like a phone call to the U.S. attorney. When asked about gratuities, Regan said "I never turned anybody in, they were my friends. I was only approached by people I knew, and I knew they didn't mean anything by it. I couldn't turn anybody in for that."

Eventually, the granting of a few bad loans for personal gain may not seem all that much worse than granting hundreds of bad loans to make the agency look good on paper, or to win it friends in Congress. So it was with Regan. He slid over the line when he approved several loans for some business associates of his brother-in-law, shortly before his brother-in-law cosigned on $300,000 worth of mortgage and home improvement loans which financed a new horse ranch for Regan. As Curtis Prins remarked, "What he was taking the money for was exactly what the government wanted him to do, get a lot of loans out."

Facing Up to Failure

In the twenty-five-year history of the Small Business Administration, there has scarcely been a time when there wasn't some type of Senate, House, FBI, GAO, or Civil Service Commission inquiry burbling along in the background. Through it all, the structure of the SBA and its main programs have remained essentially unchanged, despite overwhelming evidence that the agency has failed utterly to insure that this country keeps generating the new, small, businesses that invigorate its economic life.

A good example of how this process has worked is the current offering from the SBA chamber of horrors, the minority business loan program. It seems that of 3,400 enterprises that have received assistance under the program, the SBA can find only 30 that are still in operation. Almost 20 per cent of the money lent out under the program is already overdue. And many loans have gone to the well-publicized "minority front" organizations. All in all, a dismal record.

Yet what the hearing records and speeches generated by these revelations demonstrate is the remarkable capacity of politicians and bureaucrats to separate the corruption of a particular program from the shortcomings of the agency that operates it, and the basic flaws in its design. As the minority scandal unfolded, SBA Administrator Weaver met with President Carter to get authorization to double his staff of investigators from 100 to 200. Weaver emerged from the White House to announce that "The President himself is committed not only to the survival of the program but to its expansion." Two weeks later, in a Senate hearing, Weaver admitted that "every time we have looked into an element of the program we have found problems and abuses," yet he vowed, "I'm going to straighten it out, or go back to Arkansas." (Nothing that a couple hundred investigators couldn't cure.) In the same hearing, Rep. Parren J. Mitchell stretched the power of denial to new limits, arguing that, while there were abuses "any attempt to eliminate

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9 EXAMPLES OF HOW POLITICS TODAY HELPS ITS READERS MAKE SENSE OUT OF THE WORLD OF POLITICS

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AMERICA'S OWN POLITICAL PRISONER. Though most Americans have never heard of him, to millions of Russians, Alabama death-row inmate Johnny Harris is a political prisoner. Special report by Wayne Greenhaw.

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the program would be absolutely disastrous." Despite the impressive signs of the program's failure, Mitchell made his impassioned plea: "A tremendous growth in minority business is directly attributable to the SBA."

What Mitchell, and Weaver, and all the investigative committees over the years have failed to confront is, first, that a program will only be as good as the people who administer it. We can dream up dozens of ways the government might actively promote new businesses (see box, below)—but it's hard to imagine any of them being run successfully by the SBA. All would at some point require the conscientious efforts of officials committed to a goal beyond their own, or their agency's, preservation. The SBA is not the place to look for those people.

The second connection to be made is between this lack of personal commitment and the nebulous aims of the SBA's programs themselves. For 25 years the SBA has handed out loans to

Some Better Ways to Help Small Business

Suppose we wanted to stimulate a vital, productive small business sector, in which thousands of new enterprises continually challenged the conventional wisdom of our business bureaucracies. How might we do it?

First, we'd forget the SBA. The tired, corrupt, and incompetent old agency that Bonnie Goldstein describes in the accompanying article is the last place to turn for help.

More important, even if the SBA administered its programs without a hitch, its chosen method of promoting small businesses—by giving them loans—is not the best way to encourage the growth of *new* small businesses. New ventures need *equity* capital more than loans. They need investors who are willing to forego the lender's fixed interest repayment—in exchange for a share of the loot if things go well, and a share of the losses if they don't.

Funneling equity to potential entrepreneurs is a job that existing capital markets have performed badly. Small firms aren't listed on the big stock exchanges—and they probably wouldn't attract much attention even if they were. More and more, the stock markets are dominated by large institutional investors—pension funds, mutual funds, and the firms that manage them—which prefer safe trading in old issues to the risky business of trying something new. So firms "starting up" are the last to get capital in a bull market, and the first to feel the crunch in a downturn. In 1972, for companies worth less than $5 million, there were 418 underwritings raising 918 million dollars. In 1975, there was a grand total of four such offerings, bringing in only $16 million.

The simplest way of reversing this trend is through the tax code.

As a start, we could free up a lot of capital for new investments by changing the provisions that, by taxing dividends more than retained corporate earnings, encourage established businesses to hoard capital instead of returning it to the market.

We could then take some major steps to encourage this capital to flow to smaller firms. One solution this magazine has long proposed would take the existing tax breaks away from the investors in tired Wall Street stock, and give them only to those people and institutions that fund new ventures. The biggest of these tax breaks, of course, is the "capital gains" exception, under which income from the sale of stock is taxed at half the ordinary "earned" income rate. Restricting the capital gains break to new ventures would make those investments quite attractive.

Short of this reform, we might allow investors, when they sell stock, to defer the payment of tax if they reinvest their money in new issues within a period of, say, a year. This tax-free "rollover" of assets is currently available to people

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a tiny percentage of American small businesses, chosen on grounds that have only the vaguest connection with broader national priorities. Were they the two per cent of businesses that had the best chance of success? Well, no—the SBA was only the lender of last resort. Were they the new concerns most likely to generate innovations, or businesses likely to stir up needed competition? No, that wasn't a particular criteria for selection either. The SBA didn't care if it was funding another mom and pop grocery, or the next Henry Ford. Little connected the day-to-day actions of agency officials with a broader goal, and in the absence of that guiding purpose the interests of the agency, and ultimately of the individual, have come to dominate. There is little point, in the end, trying to distinguish what is corruption from what is simply waste. Both evils flow from a single source—the failure to articulate and pursue any clear idea of the common good. ■

who sell their homes and use the proceeds to buy another house. But while the tax code thus encourages speculation in real estate, it doesn't give the same impetus to speculation in new productive organizations.

After taking the trouble to make capital available to a swarm of new firms, we would want to eliminate some of the inequities that currently work to deny newcomers a fighting chance of survival.

One such inequity is the tax code's provision allowing corporations to subtract the losses of one year from the gains of earlier or later years. This rule gives the established business an edge over a newcomer, for the simple reason that the new firm, by definition, will have no previous profits to apply its losses to.

A way to compensate for this disadvantage, and encourage investors to stick with small firms during their birth traumas, would be to allow those investors to deduct some of their early losses from their personal income. As of now, this sort of treatment is only allowed for partnerships, or by way of a couple of complicated exceptions in the tax laws available only to firms able to hire Wall Street tax specialists and accept substantial restrictions. (One plan, for example, allows the business to have only ten shareholders.)

But the death blow to many small firms isn't delivered by the IRS—at least that agency only makes demands when there are profits to tax. Instead, the *coup de grace* comes in the form of a host of government levies that apply regardless of whether an enterprise is turning a profit—gross receipt taxes and franchise taxes are two examples. The worst offenders, however, are the taxes used to support three cherished liberal welfare programs: unemployment compensation, workmen's compensation, and the social security system. Like annual loan repayments, these taxes can break the back of a new business struggling to survive its initial years of erratic profits.

We are accustomed to viewing the employer's payments to these programs as a sort of moral obligation attending the selfish pursuit of profit, but we should take another look. It is distinctly *less* progressive, for example, to fund social security with taxes on employers, who then pass along the costs to their employees or customers, than through graduated income taxes that take account of an individual's ability to pay. Nor are levies to support unemployment and workers' compensation necessary to punish firms that habitually fire or injure their employees—in fact, since the taxes hit the benign as well as the nasty employers, they are often an inefficient means of punishment. A better mechanism would assess fines for each injury or unjustified firing. The bulk of the programs could then be financed through the income tax, freeing the new business enterprise to balance its books without worrying about paying for welfare programs that are, in the end, the proper burden of society as a whole.

—*Robert M. Kaus*

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Who's Who in the Administration

Hamilton Jordan was quoted by the *National Journal* last month as describing **Robert Lipshutz** as "the most underrated member of the President's staff." The underrating is not undeserved, according to most of the White House people we know, who rank Lipshutz and **Frank Moore**, the congressional relations man, at the bottom of the senior staff in terms of ability. . . . Last month we predicted the White House would try to win favor with the Teamsters by naming **Thomas Gray** to the Interstate Commerce Commission. The White House now has nominated Gray. Its reward: the Teamsters are seeking a raise that is double what the administration had hoped for.

In

WHITE HOUSE

Member, Council of Economic Advisors—**George C. Eads** is a Rand Corporation executive who specializes in government regulation.

Deputy Advisor for Regulatory Reform, Council on Wage and Price Stability—**Ronald Lewis** was a partner in the Washington law firm of Caplin and Drysdale.

AGRICULTURE

Inspector General—**Thomas McBride**, a former Peace Corps and Justice Department official and campaign worker for Robert Kennedy, is presently acting inspector general.

COMMERCE

Assistant Commissioner of Patents and Trademarks—**Sidney A. Diamond** is an attorney and vice president of the International Patent and Trademark Association. He has served as chairman of the American Bar Association's section of patent, trademark, and copyright law.

Deputy Assistant Secretary for Export Promotion—**Peter G. Gould** was special assistant to the chairman of the Council of Economic Advisors.

Counselor to the Secretary—**Homer E. Moyer, Jr.** was the deputy general counsel of the department.

DEFENSE

NATO Commander—**General Bernard Rogers** was nominated by the President to succeed General Alexander Haig. Rogers is the Army Chief of Staff.

Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics—**Robert B. Pirie, Jr.** has been acting assistant secretary, the top personnel job in the Pentagon, since October 1978.

ENERGY

Associate General Counsel for Regulation—**Michele Corash** was an attorney with Wilmer, Cutler & Pickering in Washington.

HUD

Inspector General—**Charles L. Dempsey** has been acting inspector general at HUD.

INTERIOR

Inspector General—**June Brown**, a lawyer and accountant, has been a project manager for the Bureau of Reclamation.

JUSTICE

Administrator, Law Enforcement Assistance Administration—**Henry S. Dogin** has served as acting administrator since November 1978. The post has been vacant since the start of the Carter administration.

LABOR

Inspector General—**Marjorie Knowles** has

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been assistant general counsel in HEW's inspector general office.

STATE

Ambassador to Jamaica—**Loren E. Lawrence**, a career Foreign Service Officer, has been deputy assistant secretary of State for Passport Services.

AGENCIES AND COMMISSIONS

Equal Employment Opportunity Commission
Member—**J. Clay Smith** was the FCC's associate general counsel.

Federal Communications Commission
Chief Scientist—**Stephen J. Lukasik** will head the new Office of Science and Technology, which replaces the Office of Chief Engineer. Lukasik was the chief scientist for Rand Corporation.

Federal Trade Commission
Assistant to the Chairman—**E. Perry Johnson** was assistant director of the Bureau of Competition.

Interstate Commerce Commission
Commissioner—**Marcus Alexis** is chairman of the economics department at Northwestern University. He will be the first black commissioner in ICC history.

Commissioner—**Darius W. Gaskins, Jr.** is the deputy assistant secretary of Energy for Policy Analysis and former chief economist for both the FTC and the Civil Aeronautics Board.

Commissioner—**Thomas Gray** is the secretary of the executive cabinet of Kentucky Governor Julian Carroll.

Commissioner—**Thomas A. Trantum** has been a security analyst with Rothschild, Unterberg, & Towbin in New York, specializing in regulated transportation.

Nuclear Regulatory Commission
Director of the Division of Waste Management—**John B. Martin** has been assistant director for fuel cycle safety.

Director of the Division of Fuel Cycle and Material Safety—**Richard Cunningham** has served as both deputy director and acting director of this division since the NRC was formed in 1975.

Postal Rate Commission
Commissioner—**James H. Duffy** was Secretary for the Senate majority.

Postal Service
Board of Governors—**Richard R. Allen** and **George W. Camp** have been nominated to the board. Allen is president of D.R. Allen & Son Inc., a construction company, and Camp retired from the Postal Service in 1978 after 21 years of service.

Securities and Exchange Commission
Director of the Division of Corporate Finance—**Edward Greene** was the deputy director of this division.

Small Business Administration
Deputy Administrator—**William A. Mauk** was deputy controller of the Agency for International Development.

Associate Administrator for Finance and Investment—**Richard Heckman** was president of Tower Scientific Corporation of Seattle.

U.S. Metric Board
Deputy Executive Director—**Stanley Reed Parent** was also appointed director for Research, Coordination, and Planning. Parent previously served with the Consumer Product Safety Commission.

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Out

White House
General Counsel, Council on Wage and Price Stability—**Peter Lowry** is leaving to join the Washington law firm of Caplin and Drysdale.

Commerce
Assistant Secretary of Commerce for Maritime Affairs—**Robert J. Blackwell**, also head of the Maritime Administration, has submitted his resignation, effective April 1.

Deputy Assistant Secretary for Export Development—**W. Dean Moran** will become vice president and general manager of Wesclock Corp. in Atlanta, Georgia.

Defense
Undersecretary for Policy—**Stanley R. Resor** submitted his resignation after only nine months in this, the third-ranking job at the Pentagon. Resor had been hired by Secretary Harold Brown to carry out "a significant restructuring" of the office of the Secretary of Defense, but his appointment reportedly caused resentment among other top Pentagon officials, and he was "frozen out" of the decision-making process.

HUD
Executive Assistants to the Secretary—**Henry Hubschman** and **Andrew Weissman** have left to return to their former Washington, D.C. law firms—Hubschman to Fried, Frank, Harris, Shriver and Kampelman; Weissman to Wilmer, Cutler and Pickering.

Agencies and Commissions

Federal Communications Commission
Chief Engineer—**Raymond Spence** is retiring in May.

Federal Reserve Board
Counsel to the Chairman—**Thomas J. O'Connell**, also general counsel of the Federal Open Market Committee, died.

Securities and Exchange Commission
Director of the Division of Corporate Finance—**Richard Rowe** resigned. He will become a partner in the Washington office of a New York law firm, Proskauer, Rose, Goetz and Mendelsohn.

Small Business Administration
Deputy Administrator—**Patricia M. Cloherty** has resigned.

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Politicking in the Press Corps: Just Like the Real Thing

by Mick Rood

My colleagues and I start each working day with the heavy burden of the public trust on our shoulders. The job, as we say on Capitol Hill, is an awesome responsibility. No, we're not members of Congress, we're reporters. Or, as we say on the Hill, Washington correspondents. Anyway, an average day in the service of the First Amendment might go like this:

First stop, the Senate press gallery. It's more spacious than the gallery on the House side of the Capitol. There is time to settle into one of the big, old leather chairs to read a copy or two of the ten daily newspapers supplied us by the Congress. Browsing completed, it's back out past the uniformed guard at the gallery door.

On your way to some morning coffee, you take the "Press Only" elevator down to one of the Senate cafeterias. Similar to the "Senators Only" elevator, the "Press Only" elevator runs about a floor faster than the public elevators. There is a special section reserved for the press in the cafeteria. Around the corner, the public waits in a long line for a chance to eat breakfast in a Senate restaurant. Here, it's time to engage in a colloquy with your colleagues, to discuss the issues of the day and what The Leadership is doing. We could linger, but there is a hearing to cover for the newspaper back home.

Arriving at the hearing room, you are greeted by another uniformed fellow, who waves you through once you produce your congressional gallery pass. You squeeze by several dozen other people who are standing in line to enter. The accreditation pass costs $5. It has your photograph on it, and many reporters have discovered it's helpful in cashing checks around town, although the card provides no evidence of creditworthiness. Once inside, a Senate gallery staff member escorts you to the seat you requested yesterday. Ahead of all others who might be affected by the legislation being considered at the hearing, you are provided copies of testimony by the same gallery staff member. After the hearing, you return to the gallery to bat out a quick story. The typewriter and paper are provided by Congress.

Lunch hunger calls, but you're out of money. Didn't have time to stop at your bank? No problem. The press gallery superintendent signs off on your personal check. You can cash it downstairs at the Sergeant-at-Arms Bank—along with legislators and their staffs.

Off to the House side, where debate has started on the floor on some question or other of great national importance. During debate you may be summoned to the gallery office for telephone calls, which are dutifully logged for you by the staff. The long bank of telephone booths has been provided for in the congressional budget. Before leaving on an errand, you check the press release mail, which is carefully sorted by the staff each day.

Mick Rood is a reporter for States News Service.

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It could be an anniversary, a birthday, or maybe it's Christmas. You've forgotten someone. It's all right. One of the nicest things about serving the people's right to know is the Senate stationery store, where members, staff, *and* reporters can shop. If caught short of time and money, the store's line is limited, but the prices are great. There are leather brief cases, billfolds, and office items at prices below retail. Just start with a felt-tip pen that retails for about 60 cents. It costs 19 cents at the stationery store.

As evening falls on Washington, you return to your car, which is parked in the Capitol parking lot. Just as members of Congress wait their turn in the seniority system for a committee chairmanship, you waited several years for this prize. You are among about 180 reporters who share the 70 press slots, bestowed by the House Administration Committee and the Senate Rules Committee. Parking can cost around $60 per month at lots on Capitol Hill, but permit-holding reporters park free. While driving home, you think about tomorrow. You want to do a story on the monstrous $1-billion budget Congress has proposed for its operations in fiscal 1980. The readers will like it—the excessive staffs, the bloated travel allowances, the plants congressional offices get for free from the National Botanical Gardens. There may not be enough room to mention the estimated $1 million appropriated annually for staff, equipment, and materials provided to journalists.*

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Weighing the Pros and Cons

I should say at the start that I don't believe the free office and support of the galleries puts us in Congress' pocket. I've never seen a reporter squelch a story for fear of losing gallery privileges.

The arrangement did strike me, however, as hypocritical. Stories we file day after day out of Washington question the independence and integrity of congressmen. Our dispatches ask: Are they compromised by campaign contributions, stock holdings, or relationships with lobbyists? So much of our reporting concerning the finances of members of Congress is based on the appearance of conflicts of interest, yet an observer might reasonably ask whether our acceptance of $1-million worth of congressional perquisites constitutes the same kind of appearance.

In addition, it seemed to me the height of duplicity that we in the press took such sport in exposing, in the most negative light, the freebies Congress handed out to itself while never acknowledging that we had our own tax-subsidized arrangements. When even movie critics are starting to pay for their own review junkets instead of accepting the hospitality of the film industry (whose motives seem obvious enough), what are esteemed Washington correspondents doing accepting the daily hospitality of the Congress they cover?

**The $1-million figure includes the cost of running the two daily press galleries, two radio-TV galleries, two periodical galleries, and one photographers' gallery in the Capitol. What it* doesn't *include is an estimate of the value of the office space, which is considerable.*

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Something, I decided last December, had to be done.

A natural starting point was a group of elected officials called the Standing Committee of Correspondents. These officials are all reporters, a five-member committee elected to two-year terms by the 1,260 accredited newspaper reporters here covering Congress. The standing committee is the governing body that effectively runs the press galleries. Nominally, gallery business is subject to the ultimate wishes of the Democratic leaders in the House and Senate. But the leadership rarely pokes its nose into gallery affairs (undoubtedly for fear of being accused of trampling on the First Amendment), so they have ceded that responsibility to the reporters themselves. The standing committee approves the hiring of staff, makes housekeeping policies through the staff superintendents, screens applicants who want gallery credentials (and sometimes takes those credentials away, as it did a few years ago to the Rev. Lester Kinsolving), and, every four years, takes on a tough task—making the logistical arrangements for the coverage of the presidential nominating conventions.

An election to fill three vacancies on the committee was to be held January 25. If ever there was a forum for resolving why the press doesn't pay its own way in the galleries, this was it. After giving the matter all due consideration, weighing all the pros and cons, seeking out advice from all quarters, I made up my mind: I would run.

This Cerebral Endeavor

It would be a principled campaign, a journey on the high road. I would discuss the merits of my pay-as-we-go philosophy, put out a position paper, tackle the tough issues straight on. The obvious truth of what I had to say would catch fire among my would-be constituents. In this cerebral endeavor, the position paper was the key to my plans. For days I worked on the tract, sweating over the phrasing of it, culling from the best of rhetorical devices. Conducting our business at public expense in the press galleries, I railed in the position paper, was "our most fatuous exercise of hypocrisy." The issue had been raised before, I lectured, but it had always been dropped without a serious attempt to resolve it. "The idea makes common sense," I argued, "if we are to be ethically consistent." My call to arms was slipped under the doors of news bureaus all over town, and I felt a sudden surge of exhilaration. Something similar, I imagined, to the feeling Martin Luther must have had when he tacked up his 95 Theses challenging the selling of indulgences by the Roman Catholic Church.

Such naivete was crushed by a tough political campaign of the kind I have only covered. Looking back, it was my lack of name recognition that hurt me most at the beginning. The other candidates—Paul Houston of the *Los Angeles Times*, Art Siddon of *The Chicago Tribune*, Dick West of United Press International, Seth Kantor of *The Atlanta Constitution*, and Robert Kaiser of *The Washington Post*—all came from much stronger and better-known media power bases. All knew that door-to-door campaigning was a must. Most of all, my five foes for the three open seats understood that you don't campaign on anything as contro-

Answers to last month's puzzle:

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T		T		E		A		I		R		D		A
A	H	O	U	R		T	E	R	R	O	R	I	S	T
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versial as challenging press perquisites. Houston, for one, told me later that his inner circle of advisors told him to run only on the "apple pie issues." So Houston stressed topics that were sure-fire vote-getters—things like the "growing encroachment" of the television networks on press space at the national conventions. The standing committee, Houston said in his campaign letter, "must be firmly in the forefront of resisting such intrusions."

Houston also started more than a month before the election on a grass-roots swing through the most remote political wards—news bureaus that had never before been visited by a candidate. Houston's final, and perhaps most effective, tactic was his uncanny gift of saying something to please almost everyone. He assured at least three Washington bureau chiefs that he would protect their space allotment at the 1980 presidential conventions. He called me to praise my position on press perks. He promised women who lobbied him in favor of affirmative action that every effort would be made to hire a woman or minority person for an opening on the all-white, male House gallery staff. And like any politician, Houston admitted to having an ego. He had been especially hurt last year when *Washingtonian* magazine failed to include him in its popularity-contest listing of the best correspondents. What better way to show them, he told me later, than to achieve recognition in the ultimate competition among his peers.

As a political neophyte, I was being taught a few lessons by the pros. Siddon and Kantor, for example, seemed to be spending more time pressing the flesh than writing stories. Siddon even had conducted a mass mailing to several hundred reporters seeking their vote. West, UPI's national columnist, didn't campaign much, but he benefited from something else I hadn't known about—block voting. It turns out that by tradition, the wire services deliver the biggest chunk of support to each other. Between them, UPI and Associated Press have more than 120 gallery members, and the ward leaders in the wire services produce those votes on election day as efficiently as the Daley machine ever did.

There was also, sad to report, a good deal of political backlash—better known as the "Anybody-But-Kaiser" campaign. By custom, this was to be *The Washington Post*'s year for a seat on the standing committee. The unspoken arrangement had always been that the *Post* took a seat in election years, while its competitor, *The Washington Star*, went for a seat in off-election years. The *Post*'s reluctant candidate, Senate reporter Robert Kaiser, was dragged into the fray by *Post* management. Kaiser, who sometimes sports a black cape to match three-piece suits with a watch fob, can come across as imperious and condescending, and throughout the election he seemed ill at ease with the scruffy art of politics. He was badly defeated, victim of some internecine warfare and his own campaigning style. The *Post* reporter lays his defeat to "natural resentment" of his prestigious newspaper; in a comment typifying his electioneering style, Kaiser said, "We practice journalism on a different level."

'Sure It's Silly'

While I ran a Kamikaze, one-issue campaign against press perks, most of the other candidates shared another goal—that of assuring their news organizations seats at the 1980 Democratic and Republican presidential nominating conventions. Just as congressmen guard the public works projects and jobs programs in their home districts, reporters learn to fight for convention space in the names of their newspapers. The Standing Committee of Correspondents decides on convention space, and veteran editors and reporters don't forget that. Kaiser concedes it was a prime motivation, but later wondered why:

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"I felt kind of silly after it was over. They're not going to screw *The Washington Post* out of convention seats. Sure it's silly. But by running, it would assure us our seats and then Mrs. Graham can send some of her friends to the convention."

Clearly I had completely miscalculated the potency of the convention-seat issue. One veteran colleague whom I respect approached me one day shortly before the election in a Senate hallway. He listened to my campaign speech about press perks. But I wasn't reaching him. At the end of the spiel, the fellow said in very hushed tones, "Protect me." When I asked what he meant, he explained that he really wanted to vote for me, but this was the wrong year. This committee would decide on convention seats. As a one-man bureau he had to go with the likely winners and seek their protection.

Services provided the press in the Capitol never rose above a whisper as an issue (whispers, I suspect, that were aimed mostly at me), but something did happen at the height of the campaign that I hoped would change all that. Two days before the election a lame duck standing committee met to consider the "Final Report by the Subcommittee on Press Perks." I waited expectantly for the report's revelations, half hoping they would shake the galleries to their very foundations and swing the election my way. But no such luck. Nine months in the making, the report (authored by *Buffalo Courier-Express* reporter David Lynch) was remarkable only for the timidity of its suggestions. Among other things, it recommended against the pay-as-you-go system I had been advocating, arguing that such a system might drive out the smaller news organizations, though there was no substantiation of that claim, and that the press gallery staffs do work for Congress and the public as well as the press, although it is clear enough to anyone who hangs around the galleries for more than a few minutes that the preponderance of the work is done for reporters.

Short of getting to the heart of the issue, Lynch beseeched the committee to take three minimal steps: eliminate shopping at the bargain basement Senate store, consider recommending that reporters with parking spaces make voluntary payments to the U.S. Treasury for their spots, and end the free stationery supply in the galleries.

Yet even these proposals, tame though they were, proved to be too much for most reporters. "Do we have any authority to deny privileges extended by the Senate?" asked outgoing committee member Walter Taylor of *The Washington Star*. "There's no hue and cry for this. These aren't privileges, they're a convenience. You're trying to set up an ethics code."

Actually, there had been a bit of a hue and cry for it in May 1977, when Rep. David Obey blasted press perks in a speech that received widespread publicity. In the wake of that speech, Norman C. Miller, bureau chief of *The Wall Street Journal*, said, "It is imperative for the committee to develop procedures and rules that will remove reporters from the untenable position of having the taxpayers subsidize coverage of Congress."

But by now, most of that sentiment had long been forgotten, and Lynch's report was put aside. Or, as they say on Capitol Hill, tabled. I knew then that my campaign was doomed to fail.

This turned out to be an accurate, if somewhat belated perception. Houston, Siddon, and West were the winners with 325, 292, and 290 votes respectively. Kantor came in fourth with 200 votes, and Kaiser, victim of that nasty backlash and his own watch fob, was next with 119. I struggled in last, with 94 votes.

Since then we've all returned to reporting—a bit weary of politics. The new standing committee will begin gearing up for the conventions soon. The Lynch report remains safely on the shelf. And I, I can only feebly recall George Wallace's refrain, "We sent them a message." ■

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Richard Reeves on Political Books

When I was in college, I worked at a place called Ferguson's Iron Works on Cook Street in Jersey City. The pay was $2.65 an hour, which seemed a great deal to me, and I liked the rough camaraderie of the men there, the feeling of doing something *real*. It was *work*.

I hated the absolute exhaustion, the pain, at the end of a day or even after the four-hour shifts I worked at night. Sometimes I would literally sleep from the end of one working day to the beginning of the next; my body could do no more. The grime would not come out, no matter how much of the sandy soap you massaged into yourself. There was no door on the toilet so that you couldn't goof-off there. The guy I worked with, who was my age and living to buy a new car, had both his legs broken when he couldn't outrun a cascade of badly stacked steel rods.

"That is the dirty little secret," Robert Schrank told me when we first met last summer. "People don't want to work. They hate it." The MIT Press had just published his book, *Ten Thousand Working Days*, which, knowing Schrank had a Ph.D. in sociology, I assumed was a learned discourse on motivation, workplace democracy, and other worthy, footnoted topics. I assumed wrong. It is an autobiography of sorts, an American odyssey that has a lot to say about a lot of things, including sex, which Schrank argues is important in making the working life bearable.

Richard Reeves is the author of Convention. *His column is a regular feature of* The Washington Monthly.

Schrank has had—is having—what might be called a full life. The chapters of the book, which faithfully chronicle his working days, are: "Furniture Factory. . . Plumber. . . Coal Miner and Farmhand. . . Packard Motor Car. . . Machinist. . . Union Organizing. . . Union Official. . . Politics. . . Management. . . Human Services. . . City Commissioner. . . Sociologist."

He worked—*real* work—organized workers, represented workers, solicited their votes, managed them, tried to create new ones from ghetto flotsam, tried bureaucratic make-work and non-work, and then thought about work. Along the way, he had a lot of fun and met some interesting folk, the best known of them Eleanor and Franklin Roosevelt (FDR offered to make him administrator of Yellowstone National Park), Robert A. Taft ("business-faced. . . I liked him"), and Robert F. Kennedy (who, characteristically, introduced himself three times in ten minutes).

And, in the end, these were some of Schrank's thoughts:

"It seems reasonable to conclude that when people believe, they become highly motivated. Luther and Calvin must have known that when they assured all us poor humans that we would find salvation in work. . . . If it turns out that the drive to work is strongly correlated with believing, then I would have some doubts about [notions] of increasing work motivation by making the work itself more challenging. . . .

"I became caught in the treadmill of making better widgets, forgetting what I had learned many times as a union

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official when workers would say, 'Listen, Schrank, I don't give a fuck for the junk we make here I am here to make money so I can get my kicks outside this dump' Some blue collar workers prefer to make bowling the center of their lives That may be a greater demonstration of autonomy and creativity than building a better high-speed gear box

"At first I was surprised at how skillful people were in using up the time of day and yet producing so little My experience has given rise to serious doubts regarding humans' intrinsic desire to work at all Civil Service in some ways may epitomize this human desire to have a job as security, and yet do the minimum amount of work permissible With the exception of a few creative people who have managed to find or develop some interest in the work they do, I believe the desire to have a job and do as little work as necessary may be far more universal than is generally acknowledged Experience makes me wonder whether humans will in fact work at all if we remove the punitive consequences of not working"

Those words, much drier than most in the book, were written when Schrank had reached honored work levels as a New York human resources commissioner and Ford Foundation project officer They sum up the livelier part—his life—and what he learned from it Most Americans are not going to work hard any more as the punitive consequences are removed Starving, for instance We live in a country where a state supreme court, California's, has just ruled that full-time college students are entitled to unemployment benefits if they are not offered a part-time job that suits their elevated fancies

Of course, in California people tend to have a more casual—healthier?—attitude toward work It's a place where people don't begin conversations by asking what you do Perhaps they assume you are into one of the state's official occupations sitting around trying to figure out something useful or useless that will make enormous amounts of money with diminishing effort A salable idea A record The Pet Rock phenomenon - find a better pet rock and the world will beat a path to your sundeck

It's fitting that the only American politician who seems to have a feel for what Schrank is talking about is the governor of California Jerry Brown, to his credit, recognizes that Americans are not going to outproduce anybody anymore, they just don't care to That's for Taiwanese So, maybe we better get cracking in space and technology—interesting work - and make sure we're producing ideas that we can sell around the world to maintain the lifestyle to which we've become accustomed Those bumper stickers "I'd Rather Be " sailing, skiing, surfing bowling, whatever - they mean exactly what they say ■

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political book notes

Public affairs books to be published in April

Banking on the Biosphere? Environmental Procedures and Practices of Nine Multilateral Development Agencies. Robert E. Stein, Brian Johnson. Lexington, $19.50.

Beyond the North-South Stalemate. Roger D. Hansen. McGraw-Hill, $12.95.

Dilemmas Facing the Nation. Herbert V. Prochnow, ed. Harper & Row, $14.95.

Empire: The Life, Legend, and Madness of Howard Hughes. Donald L. Bartlett, James B. Steele. Norton, $15.95. Most citizens of the United States admit to no aristocracy of bloodline, which may explain why there is a tendency in this country to idolatrize wealth. The sad thing about this is that our millionaires and billionaires tend to be odd fellows in baggy pants who sit in Florida coffee shops all day, or Rockefellers who contribute such profundities as "Hiya fella" to the political lexicon, or boring debauchees like Henry Ford.

Given the craving of the masses for wealthy celebrities with enough mystery to inspire the popular imagination, a 600-page book on Howard Hughes will probably do well. Thousands of readers should be interested to find out what Howard's mother wrote to his camp counselor when he was 12, or to read that Hughes himself invented a special rig to show off Jane Russell's frontal endowments in the movies.

But beyond the trivia, the picture of Howard Hughes that emerges from this book is of a humorless, mentally-ill man, whose father's oil drilling bits earned him money faster than he could squander it. The rich may be our aristocracy, but all too often they turn out to be, like Howard Hughes, neither articulate nor very interesting.

The book was written by two respected investigative reporters for *The Philadelphia Inquirer*, using depositions from Hughes' estate hearings, federal agency reports, congressional testimony, court records, and interviews. It reveals every documented fact there is to know about the man, and something about the writers, too: that they lack either the inspiration or the faculty to make their subject come alive; that they are capable of a massive, professional job of reporting, but don't have the distilling skill of truly creative biographers.

There's a kind of rough justice to this: a man whose life is distinguished only by the accumulation of more and more money perhaps deserves a biography that simply accumulates more and more facts.

—*Geoffrey O'Gara*

A Flame in Barbed Wire: The Story of Amnesty International. Egon Larsen. Norton, $10.

For The Record. Felix Morley. Regnery/Gateway, $12.95.

Franklin Delano Roosevelt and American Foreign Policy. Robert Dallek. Oxford, $19.95. In this lengthy and detailed examination of FDR's foreign policy, Dallek portrays Roosevelt as a man impatiently moving America into a position of world prestige and power, confident in his ability to solve world problems once his countrymen are moved from the complacency of their isolationist spirit.

One of the most telling examples of this ambition, Dallek recounts, is the infamous *Greer* incident. In 1941, before America had entered World War II, the American destroyer *Greer* exchanged fire with a German U-Boat. Although in truth it was the *Greer* that had picked the fight, Roosevelt, in his attempt to rouse America, announced that the German submarine "fired first upon this American destroyer without warning, and with deliberate design to sink her."

Does that sound eerily familiar? It ought to. As Dallek quotes former Senator William Fulbright: "FDR's deviousness in a good cause made it easier for LBJ to practice the same kind of deviousness in a bad cause."

—*Dan Ambrose*

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In Re Alger Hiss. Edith Tiger, ed. Hill and Wang, $15/$7.95.

The Judiciary in a Democratic Society. Leonard J. Theberge, ed. Lexington, $15.

The Man from Ida Grove. Harold Hughes with Dick Schneider. Word Books, $10.95. In a book obviously designed more as religious testimony than anything else, Harold Hughes comes across as a thoroughly decent man, who is sincere in his belief. Even those who don't sympathize with his religious feelings will be fascinated by some of the political anecdotes in his book. There is, for example, this telephone conversation with Lyndon Johnson:

"I walked over and picked up the phone, my voice tight: 'Hello, Mr. President.'

"'Governor?'

"'Yes.'

"'We're all having trouble with that delegate of yours on the platform committee. She's not going along with our position. You all are going to have to do something about that.'

"This was the hard side of Lyndon B. Johnson.

"'Well, Mr. President. I don't like to bring undue pressure on my people. She is a civil liberties person and will advocate a strong plank on equal rights, opportunities, the whole works.'

"There was a moment of silence, then: 'Governor, I expect you to control these things; when we get people on these platform committees we expect them to do what we want them to do. Now I want *you* to take care of it.'

"I felt my hackles rise. 'Mr. President, I'm not sure I can take care of it. I'm not at all sure if she'll do what I want her to do, even if I agreed with your position.'

"There was cold steel in his voice. 'Governor, I expect you to take care of it and I don't want to have any more problems with that woman.'"

—*Charles Peters*

My Lai Enquiry. Lt. Gen. W. R. Peers. Norton, $12.95. Not an easy read, but a thorough account of the tragedy by the man who had the courage to blow the whistle.

Neither Athens nor Sparta? The American Service Academies in Transition. John P. Lovell. Indiana, $12.95.

Public Nuisances. R. Emmett Tyrrell, Jr. Basic, $11.95.

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periods—the early 19th century, when the idea of mass schooling took hold; the turn-of-the-century reform in high school education; and the expansion of community colleges and "open admissions" in the 1960s—Nasaw reveals one common theme: all of these institutions, which were supposed to sort out students on grounds of merit, actually reinforced pre-determined sortings, based on social class. The children of workmen were sent to vocational school rather than high schools, to manual-skills courses rather than academic ones, and finally to community colleges rather than four year universities.

The Richard Herrnstein school of hereditary intelligence would find this only natural, since (they argue) ability is inherited and is reflected in social standing. But Nasaw provides a number of convincing refutations, the most powerful of which is the GI Bill experience after World War II. Under the bill, many people who would not otherwise have attended college were admitted, and overall they did better than those who would have gone to college anyway.

Nasaw's analysis finally lacks two elements. There isn't, anywhere in this book, a look at the mechanics of the sorting—just how colleges choose the people they do and what qualities the entrance examinations reward. The other is Nasaw's lack of a hard-headed sense of what kind of competition he would like to see. When Nasaw says of bright working-class students that they will "expose the myth of the meritocracy by succeeding in higher education—despite the odds—and then demand the jobs associated with academic success," he suggests that the only reason for worry is that too few blue-collar children now end up as corporate lawyers, while the structure of those professions, and their connection with academic pedigrees, may be the real enemy.

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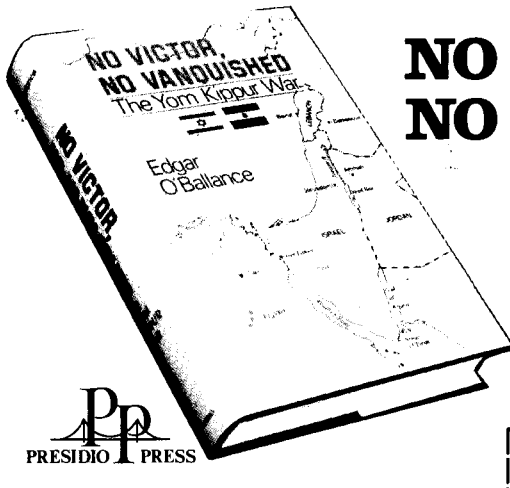

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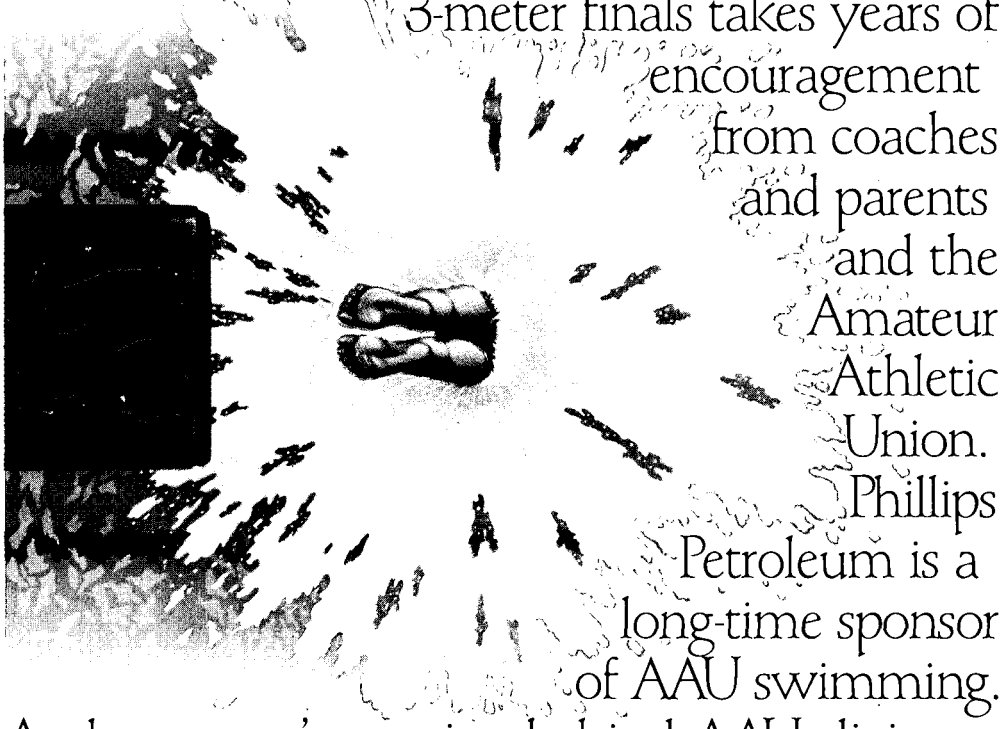

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